CIRTRAN CORP
Form 10-Q
November 23, 2009

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2009

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ____________

Commission file number 000-49654

CIRTRAN CORPORATION
(Exact name of registrant as specified in its charter)

Nevada	68-0121636
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4125 South 6000 West, West Valley City, Utah	84128
(Address of principal executive offices)	(Zip Code)

(801) 963-5112
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [ ]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in

Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

The number of shares of the registrant's common stock outstanding at November 11, 2009, was 1,499,999,997 shares.

1

CIRTRAN CORPORATION

FORM 10-Q

For the Quarterly Period Ended September 30, 2009

INDEX

2

CIRTRAN CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 30, 2009	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	$ 25,723	$ 8,701
Trade accounts receivable, net of allowance for doubtful accounts of $108,162 and $108,162, respectively	702,131	591,441
Receivable due from related party	6,245,525	4,718,843
Inventory, net of reserve of $1,028,958 and $1,028,957, respectively	1,470,893	1,451,275
Prepaid deposits	109,874	164,556
Other	665,461	305,037
Total current assets	9,219,607	7,239,853
Investment in securities, at cost	752,000	752,000
Investment in related party	750,000	750,000
Deferred offering costs, net	-	15,662
Long-term receivable	1,647,895	1,647,895
Property and equipment, net	607,545	773,591
Intellectual property, net	1,537,812	1,871,153
Other assets, net	14,538	19,025
Total assets	$ 14,529,397	$ 13,069,179
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current liabilities		
Checks written in excess of bank balance	$ 177,647	$ 133,391
Accounts payable	2,685,725	2,215,171
Short term advances payable	3,407,719	747,329
Accrued liabilities	3,180,190	2,207,580
Deferred revenue	841,960	587,052
Derivative liability	601,428	705,477
Convertible debenture	3,161,355	3,162,650
Current portion of refundable customer deposits	886,862	-
Current maturities of long-term debt	315,965	1,494,969
Note payable to stockholders	212,334	230,447
Total current liabilities	15,471,185	11,484,066
Refundable customer deposits	1,450,000	1,688,080
Long-term debt, less current maturities	371,455	269,625
Total liabilities	17,292,640	13,441,771
Stockholders' deficit		
CirTran Corporation stockholders' deficit:		
Common stock, par value $0.001; authorized 1,500,000,000 shares; issued and outstanding shares: 1,498,972,923 and 1,426,262,586, respectively	1,498,968	1,426,257
Additional paid-in capital	29,098,823	28,970,335
Subscription receivable	(17,000)	(17,000)
Accumulated deficit	(35,917,265)	(33,325,415)

Total CirTran Corporation stockholders' deficit	(5,336,474)	(2,945,823)
Noncontrolling interest	2,573,231	2,573,231
Total stockholders' deficit	(2,763,243)	(372,592)
Total liabilities and stockholders' deficit	$ 14,529,397	$ 13,069,179

The accompanying notes are an integral part of these condensed consolidated financial statements.

CIRTRAN CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine month Septembe 2009
Net sales	$ 2,690,941	$ 3,102,414	$ 7,712,530
Cost of sales	2,025,803	2,664,235	6,255,929
Royalties expense	374,220	315,164	603,852
Gross profit	290,918	123,015	852,749
Operating expenses			
Selling, general and administrative expenses	1,051,578	1,400,149	3,233,640
Non-cash compensation expense	996	996	2,989
Total operating expenses	1,052,574	1,401,145	3,236,629
Loss from operations	(761,656)	(1,278,130)	(2,383,880)
Other income (expense)			
Interest expense	(301,158)	(458,539)	(868,965)
Interest income	132,857	75,125	375,772
Settlement of distribution agreement	-	250,000	-
Gain on settlement of debt	43,500	-	43,500
Gain on sale/leaseback	20,268	20,268	60,805
Gain on settlement of lititgation	40,989	-	158,704
Gain (loss) on derivative valuation	(382,940)	(867,138)	22,216
Total other income (expense), net	(446,484)	(980,284)	(207,968)
Net income (loss)	$ (1,208,140)	$ (2,258,414)	$ (2,591,848)
Basic and diluted loss per common share	$ -	$ -	$ -
Basic and diluted weighted-average			

common shares outstanding	1,498,972,923	1,223,606,328	1,487,752,669

The accompanying notes are an integral part of these condensed consolidated financial statements.

CIRTRAN CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

For the Nine Months Ended September 30,	2009	2008
Cash flows from operating activities		
Net loss	$ (2,591,848)	$ (2,981,427)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	499,386	483,765
Accretion expense	384,896	930,446
Provision for doubtful accounts	-	22,379
Provision for obsolete inventory	-	9,135
Gain on sale - leaseback	60,805	(61,312)
Non-cash compensation (gain) expense	(526)	93,340
Loan costs and interest withheld from loan proceeds	15,662	72,667
Options issued to attorneys for services	2,270	146,657
Change in valuation of derivative	(22,216)	(838,024)
Borrowing fee	103,418	-
Changes in assets and liabilities:		
Trade accounts receivable	(124,557)	(3,614,623)
Related party receivable	(2,526,682)	-
Inventories	(19,618)	97,231
Prepaid expenses and other current assets	(287,389)	(63,335)
Accounts payable	470,285	1,049,343
Accrued liabilities	663,766	866,215
Deferred revenue	254,908	-
Customer deposits	648,782	425,789
Net cash used in operating activities	(2,468,658)	(3,361,754)
Cash flows from investing activities		
Intangibles purchased with cash	-	(54,946)
Purchase of property and equipment	-	(9,333)
Net cash used in investing activities	-	(64,279)
Cash flows from financing activities		
Proceeds from notes payable to related party	4,611	1,100,000
Payments on notes payable to related party	(18,113)	(64,243)
Proceeds from stock issued in private placement	-	466,000
Principal payments on long-term debt	(35,354)	(75,000)

Checks written in excess of long-term debt		44,256		170,101
Proceeds from short-term advances		2,616,380		2,508,617
Payments on short-term advances		(126,100)		(750,724)
Net cash provided by financing activities		2,485,680		3,354,751
Net decrease in cash and cash equivalents		17,022		(71,282)
Cash and cash equivalents at beginning of period		8,701		82,761
Cash and cash equivalents at end of period	$	25,723	$	11,479

The accompanying notes are an integral part of these condensed consolidated financial statements.

CIRTRAN CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) - CONTINUED

For the Nine Months Ended June 30,		2009		2008
Supplemental disclosure of cash flow information:				
Cash paid during the period for interest	$	-	$	86,590
Noncash investing and financing activities:				
Stock issued in payment of notes payable and accrued interest	$	117,622	$	305,900
Warrants issued with derivative liability features		-		700,000
Exchange AfterBev membership interest for distribution payable		-		863,973
Common stock issued for partial conversion of debentures		-		403,360
Related party liability settled through reduction of related party receivable		1,000,000		-
Debt settled through issuance of short term advances		1,315,000		-

The accompanying notes are an integral part of these condensed consolidated financial statements.

CIRTRAN CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - CirTran Corporation and its subsidiaries (collectively, the "Company" or "CirTran") consolidates all of its majority-owned subsidiaries and companies over which the Company exercises control through majority voting rights. The Company accounts for its investments in common stock of other companies that the Company does not control but over which the Company can exert significant influence using the cost method.

Condensed Financial Statements - The accompanying unaudited condensed consolidated financial statements include the accounts of CirTran Corporation and its subsidiaries. These financial statements have been prepared in accordance with Article 10 of Regulation S-X promulgated by the Securities and Exchange Commission ("SEC" or "Commission"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. These statements should be read in conjunction with the Company's annual financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008. In particular, the Company's significant accounting policies were presented as Note 1 to the consolidated financial statements in that Annual Report. In the opinion of management, all adjustments necessary for a fair presentation have been included in the accompanying condensed consolidated financial statements and consist of only normal recurring adjustments. The results of operations presented in the accompanying condensed consolidated financial statements for the three and nine months ended September 30, 2009, are not necessarily indicative of the results that may be expected for the twelve months ending December 31, 2009.

Principles of Consolidation - The consolidated financial statements include the accounts of CirTran Corporation, and its wholly owned subsidiaries Racore Technology Corporation, CirTran - Asia, Inc., CirTran Products Corp., CirTran Media Corp., CirTran Online Corp., and CirTran Beverage Corp.

The consolidated financial statements also include the accounts of After Beverage Group LLC, a majority controlled entity. At September 30, 2009, the Company had a four percent share of AfterBev's profits and losses, but maintained a 52 percent voting control interest. AfterBev has a 51 percent share of the eventual cash distributions of Play Beverages, LLC ("PlayBev"), and the president and one of the directors of the Company own membership interests in PlayBev totaling 28.35 percent. As of September 30, 2008, the members of PlayBev had amended PlayBev's operating agreement to require a 95 percent membership vote on major managerial and organizational decisions. None of the other members of PlayBev are affiliated with the Company. Accordingly, while the Company president and one of its directors own membership interests and currently hold the executive management positions in PlayBev, the Company or its affiliates nevertheless cannot exercise unilateral control over significant decisions, and the Company has accounted for its investment in PlayBev under the cost method of accounting.

Impairment of Long-Lived Assets - The Company reviews its long-lived assets, including intangibles, for impairment when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. At each balance sheet date, the Company evaluates whether events and circumstances have occurred that indicate possible impairment. The Company uses an estimate of future undiscounted net cash flows from the related asset or group of assets over their remaining life in measuring whether the assets are recoverable. As of September 30, 2009, the Company did not consider any of its long-lived assets to be impaired.

Long-lived asset costs are amortized over the estimated useful life of the asset, which are typically five to seven years. Amortization expense was $111,114 and $105,972 for the three months ended September 30, 2009 and 2008, respectively, and was $333,341 and $317,269 for the nine months ended September 30, 2009 and 2008, respectively.

Financial Instruments with Derivative Features - The Company does not hold or issue derivative instruments for trading purposes. However, the Company has financial instruments that are considered derivatives, or contain embedded features subject to derivative accounting. Embedded derivatives are valued separate from the host instrument and are recognized as derivative liabilities in the Company's balance sheet. The Company measures these instruments at their estimated fair value, and recognizes changes in their estimated fair value in results of operations during the period of change. The Company has estimated the fair value of these embedded derivatives using the Black-Scholes model. The fair value of the derivative instruments is remeasured each quarter.

Income / Loss Per Share - Basic loss per share is calculated by dividing net income / loss available to common shareholders by the weighted-average number of common shares outstanding during each period. Diluted loss per share is similarly calculated, except that the weighted-average number of common shares outstanding would include common shares that may be issued subject to existing rights with dilutive potential when applicable. The Company had 800,182,111 and 1,400,485,333 in potentially issuable common shares at September 30, 2009 and 2008, respectively. These potentially issuable common shares were excluded from the calculation of diluted loss per share because the effects were anti-dilutive.

Use of Estimates - In preparing the Company's financial statements in accordance with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made to the financial statements to conform to the current year presentation.

Recent Accounting Pronouncements

FASB Accounting Codification - In June 2009, the Financial Accounting Standards Board ("FASB") issued an accounting pronouncement found under ASC 105, previously referred to as SFAS No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles, a replacement of FASB Statement No. 162", which establishes the FASB Accounting Standards Codification as the source of authoritative accounting principles recognized by the FASB to be applied in the preparation of financial statements in conformity with GAAP. ASC 105 explicitly recognizes rules and interpretive releases of the SEC under federal securities laws as authoritative GAAP for SEC registrants. This statement does not change existing GAAP, but reorganizes GAAP into Topics. In circumstances where previous standards require a revision, the FASB will issue an Accounting Standards Update ("ASU") on the Topic. ASC 105 was effective for financial statements issued for interim and annual reporting periods ending after September 15, 2009. The Company's adoption of this standard during the quarter ended September 30, 2009 did not have any impact on the Company's consolidated financial statements.

Fair Value Measures and Disclosures - ASC 820 defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. In February 2008, the FASB issued a one-year deferral for non-financial assets and liabilities to comply with ASC 820, previously referred to as SFAS No. 157. The Company adopted ASC 820 on January 1, 2009 and the adoption had no material effect on the Company's financial statements.

Business Combinations - In December 2007, the FASB issued guidance, as codified in ASC 805-10 Business Combinations (previously SFAS No. 141(R), Business Combinations) ASC 805-10 requires the acquiring entity in a business combination to record all assets acquired and liabilities assumed at their respective acquisition-date fair values, changes the recognition of assets acquired and liabilities assumed arising from contingencies, changes the recognition and measurement of contingent consideration, and requires the expensing of acquisition-related costs as incurred. ASC 805-10 also requires additional disclosure of information surrounding a business combination, such that users of the entity's financial statements can fully understand the nature and financial impact of the business combination. The Company's adoption of ASC 805-10 on January 1, 2009 did not have a material impact on its consolidated statements.

Accounting for Collaborative Arrangements - In December 2007, the FASB ratified an accounting pronouncement found under ASC 808-10-15, previously referred to as Emerging Issues Task Force No. 07-1, "Accounting for Collaborative Agreements". ASC 808-10-15 provides guidance regarding financial statement presentation and disclosure of collaborative arrangements, as defined therein. The Company adopted ASC 808-10-15 effective January 1, 2009 and the adoption had no impact on the Company's financial position or results of operations.

Disclosures about Derivative Instruments - On January 1, 2009, the Company adopted the requirements of guidance codified in ASC 815-10 Derivatives and Hedging (previously FASB Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities--an amendment of FASB Statement No. 133). ASC 815-10 requires additional quantitative disclosures (provided in tabular form) and qualitative disclosures for derivative instruments. The required disclosures include how derivative instruments affect an entity's financial position, financial performance, and cash flows; relative volume of derivative activity; and the objectives and strategies for using derivative instruments. ASC 815-10 does not change the accounting treatment for derivative instruments. The Company's adoption of ASC 815-10 did not have a material impact on its consolidated financial statements.

Useful Life of Intangible Assets - On January 1, 2009, the Company adopted the guidance codified in ASC 350-30, Intangibles - Goodwill and Other (previously FASB FAS 142-3, Determination of Useful Life of Intangible Assets). ASC 350-30 amends the factors that should be considered in developing the renewal or extension assumptions used to determine the useful life of a recognized intangible asset also requires expanded disclosure related to the determination of intangible asset useful lives and is effective for fiscal years beginning after December 15, 2008. The Company's adoption of ASC 350-30 did not have a material impact on its consolidated financial statements.

Convertible Debt Instruments - ASC 470-20, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("ASC 470-20") requires the issuer of certain convertible debt instruments that may be settled in cash (or other assets) on conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer's non-convertible debt borrowing rate. ASC 470-20 is effective for fiscal years beginning after December 15, 2008 on a retroactive basis. The Company adopted ACS 470-20 on January 1, 2009. It did not have a material effect on the financial statements.

Instruments With Imbedded Features - ASC 815-40, "Determining Whether an Instrument (or Embedded Feature) Is Indexed to an Entity's Own Stock" ("ASC 815-40"), provides guidance for determining whether an equity-linked financial instrument (or embedded feature) is indexed to an entity's own stock and it applies to any freestanding financial instrument or embedded feature that has all the characteristics of a derivative, ASC 815-40 also applies to any freestanding financial instrument that is potentially settled in an entity's own stock. The Company adopted ACS 815-40 on January 1, 2009. It did not have a material effect on the financial statements.

Subsequent Events - In May 2009, the FASB issued an accounting pronouncement found under ASC 855-10, previously referred to as SFAS No. 165, "Subsequent Events", which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before financial statements are issued or are available to be issued. ASC 855-10 is effective for financial statements issued for interim and annual reporting periods ending after June 15, 2009. The adoption of ASC 855-10 did not have an impact on the Company's financial position or results of operations. ACS 855-10 is effective for the fiscal quarter ending June 30, 2009. The Company's adoption of ACS 855-10 did not have a material impact on the interim or annual consolidated financial statements or the disclosures in those financial statements.

NOTE 2 - REALIZATION OF ASSETS

The accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the Company as a going concern. However, the Company sustained losses of $2,591,848 and $2,981,427 for the nine months ended September 30, 2009 and 2008, respectively. As of September 30, 2009, the Company had an accumulated deficit of $35,917,265. In addition, the Company used cash in its operations in the amount of $2,468,658 and $3,361,754 during the nine months ended September 30, 2009 and 2008, respectively. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying condensed consolidated balance sheets is dependent upon continued operations of the Company, which in turn is dependent upon the Company's ability to meet its financing requirements on a continuing basis, to maintain or replace present financing, to acquire additional capital from investors, and to succeed in its future operations. The Company has several new programs in development. These programs represent a new direction for the Company into the beverage industry, and support ongoing efforts in the consumer products contract manufacturing and media marketing industries. These new programs have the potential to carry higher profit margins than electronic manufacturing, and as a result, the Company is investing substantial resources into developing these activities. The Financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

NOTE 3 - INVENTORY

Inventory consisted of the following:

	September 30, 2009	December 31, 2008
Raw materials	$ 1,476,763	$ 1,625,322
Work in process	170,833	221,079
Finished goods	852,255	633,831
Allowance / reserve	(1,028,958)	(1,028,957)
Totals	$ 1,470,893	$ 1,451,275

NOTE 4 - INTELLECTUAL PROPERTY

Intellectual property and estimated service lives consisted of the following:

	September 30, 2009	December 31, 2008	Estimated Service Lives in Years
Infomercial development costs	$ 217,786	$ 217,786	7
Patents	38,056	38,056	7
ABS Infomerical	1,186,382	1,186,382	5
Trademark	1,227,673	1,227,673	7
Copyright	115,193	115,193	7
Website Development Costs	150,000	150,000	5
Total intellectual property	$ 2,935,090	$ 2,935,090	
Less accumulated amortization	(1,397,278)	(1,063,937)	
Intellectual property, net	$ 1,537,812	$ 1,871,153	

The estimated amortization expenses for the next five years are as follows:

Year Ending December 31,	
2009	$ 118,719
2010	465,583
2011	388,052
2012	285,884
2013	173,332
Thereafter	106,243
Total	$ 1,537,813

NOTE 5 - RELATED PARTY TRANSACTIONS

Play Beverages, LLC

During 2006, Playboy Enterprises International, Inc. ("Playboy"), entered into a licensing agreement with Play Beverages, LLC ("PlayBev"), then an unrelated Delaware limited liability company, whereby PlayBev agreed to internationally market and distribute a new energy drink carrying the Playboy name and "Rabbit Head" logo symbol. In May 2007, PlayBev entered into an exclusive agreement with a subsidiary of the Company to arrange for the manufacture, marketing and distribution of the energy drinks, other Playboy-licensed beverages, and related merchandise through various distribution channels throughout the world.

In an effort to finance the initial development and marketing of the new drink, the Company with other investors formed After Bev Group LLC ("AfterBev"), a California limited liability company and partially owned, consolidated subsidiary of the Company. The Company contributed its expertise in exchange for an initial 84 percent membership interest in AfterBev. The other initial AfterBev members contributed $500,000 in exchange for the remaining 16 percent. The Company borrowed an additional $250,000 from an individual, and contributed the total $750,000 to PlayBev in exchange for a 51 percent interest in PlayBev's cash distributions. The Company recorded this $750,000 amount as an investment in PlayBev, accounted for under the cost method. PlayBev then remitted these funds to Playboy as part of a guaranteed royalty prepayment. Along with the membership interest granted the Company, PlayBev agreed to appoint the Company's president and one of the Company's directors to two of PlayBev's three executive management positions. Additionally, an unrelated executive manager of PlayBev resigned, leaving the remaining two executive management positions occupied by the Company president and one of the Company's directors. On August 23, 2008, PlayBev's members agreed to amend its operating agreement to change the required membership vote on major managerial and organizational decisions from 75 percent to 95 percent. Since 2007 the two affiliates personally purchased membership interests from PlayBev directly and from other Playbev members constituting an additional 23.1 percent, which aggregated 34.35 percent. Despite the combined 90.5 percent interest owned by these affiliates and the Company, the Company cannot unilaterally control significant operating decisions of PlayBev, as the amended operating agreement requires that various major operating and organizational decisions be agreed to by at least 95 percent of all members. The other members of PlayBev are not affiliated with the Company. Accordingly, while PlayBev is now a related party, the Company cannot unilaterally control significant operating decisions of PlayBev, and therefore has not accounted for PlayBev's operations as if it was a consolidated subsidiary.

PlayBev has no operations, so under the terms of the exclusive manufacturing and distribution agreement, the Company was appointed as the master manufacturer and distributor of the beverages and other products that PlayBev licensed from Playboy. In so doing, the Company assumed all the risk of collecting amounts owed from customers, and contracting with vendors for manufacturing and marketing activities. In addition, PlayBev is owed a royalty from the Company Equal to the Company's gross profits from collected beverage sales, less 20 percent of the Company's related cost of goods sold, and 6 percent of the Company's collected gross sales. The Company incurred $687,335 and $315,164 in royalty expenses due to PlayBev during the three months ended September 30, 2009 and 2008, respectively, and $916,678 and $426,154 during the nine months ended September 30, 2009 and 2008, respectively.

The Company also agreed to provide services to PlayBev for initial development, marketing, and promotion of the new beverage. These services are to be billed to PlayBev and recorded as an account receivable from PlayBev. The Company initially agreed to carry up to a maximum of $1,000,000 as a receivable due from PlayBev in connection with these billed services. On March 19, 2008 the Company agreed to increase the maximum amount it would carry as a receivable due from PlayBev, in connection with these billed services, from $1,000,000 to $3,000,000. As of March 19, 2008 the Company also began charging interest on the outstanding amounts owing at a rate of 7 percent per annum. PlayBev has agreed to repay the receivable and accrued interest out of the royalties due PlayBev.

The Company has billed PlayBev for marketing and development services totaling $894,642 and $1,040,370 for the three months ending September 30, 2009 and 2008, respectively, and $3,067,490 and $3,569,916 for the nine months ended September 30, 2009 and 2008, respectively, which have been included in revenues for the Company's marketing and media segment. As of September 30, 2009, the interest accrued on the balance owing from PlayBev totaled $593,203. The net amount due the Company from PlayBev for marketing and development services, after netting the royalty owed to PlayBev, totaled $6,245,427 at September 30, 2009.

11

After Bev Group, LLC

Following AfterBev's organization in May 2007, the Company entered into consulting agreements with two individuals, one of whom had loaned the Company $250,000 when the Company invested in PlayBev, and the other one who was a Company director. The agreements provided that the Company assign to each individual approximately one-third of the Company's share in future AfterBev cash distributions, in exchange for their assistance in the initial AfterBev organization and planning, along with their continued assistance in subsequent beverage development and distribution activities. The agreements also provided that as the Company sold a portion of its membership interest in AfterBev, the individuals would each be owed their proportional assigned share distributions in the proceeds of such a sale. The actual payment of the distributions depended on how the Company used the sale proceeds. If the Company used the proceeds to help finance beverage development and marketing activities, the payment of distributions would be deferred, pending collections from customers once beverage product sales eventually commenced. Otherwise, the proportional assigned share distributions would be due to the two individuals.

Throughout the balance of 2007, as energy drink development and marketing activities progressed, the Company raised additional funds by selling portions of its membership interest in AfterBev to other investors, some of whom were Company stockholders. In some cases, the Company sold a portion of its membership interest, including voting rights. In other cases, the Company sold merely a portion of its share of future AfterBev profits and losses. By the end of 2007, after taking into account the two interests it had assigned, the Company had retained a net 14 percent interest in AfterBev's profits and losses, but had retained 52 percent of all voting rights in AfterBev. The Company recorded the receipt of these net funds as increases to its existing minority interest in AfterBev, and the remainder as amounts owing as distributable proceeds payable to the two individuals with assigned interests of the Company's original share of AfterBev.

At the end of 2007, the Company agreed to convert the amount owing to one of the individuals into a promissory note. In exchange, the individual agreed to relinquish his approximately one-third portion of the Company's remaining share of AfterBev's profits and losses. Instead, the individual received a membership interest in AfterBev. In January 2008, the other assignee, which is one of the Company's directors, similarly agreed to relinquish the distributable proceeds owed to him, in exchange for an interest in AfterBev's profits and losses. Accordingly, he purchased a 24 percent interest in AfterBev's profits and losses in exchange for foregoing $863,973 in amounts due to him. Of this 24 percent, through the end of December 31, 2008, the director had sold or transferred 23 percent to unrelated investors and retained the remaining 1 percent interest in AfterBev's profits and losses. In turn, the director loaned $834,393 to the Company in the form of unsecured advances. Of the amounts loaned, $600,000 was used to purchase interest in PlayBev directly which resulted in a reduction of

$600,000 of amounts owed by PlayBev to the Company. During the three months ended June 30, 2009, the director advanced an additional $500,000 to the Company for his purchase of an additional 3 percent interest in PlayBev, which resulted in a reduction of $500,000 of amounts owed by PlayBev to the Company. As of September 30, 2009, the Company still owed the director $237,620 in the form of unsecured advances. In addition, during the quarter ended September 30, 2009, one of the directors of the Company and the Company president purchased 6 percent and 5 percent of AfterBeV shares, respectively, in private sales from existing shareholders of AfterBev.

Global Marketing Alliance

The Company entered into an agreement with Global Marketing Alliance ("GMA"), and hired GMA's owner as the Vice President of CirTran Online Corp. ("CTO"), one of the Company's subsidiaries. Under the terms of the agreement, the Company outsources to GMA the online marketing and sales activities associated with the Company's CTO products. In return, the Company provides bookkeeping and management consulting services to GMA, and pays GMA a fee equal to five percent of CTO's online net sales. In addition, GMA assigned to the Company all of its web-hosting and training contracts effective as of January 1, 2007, along with the revenue earned thereon, and the Company also assumed the related contractual performance obligations. The Company recognizes the revenue collected under the GMA contracts, and remits back to GMA a management fee approximating their actual costs.

Transactions involving Officers, Directors, and Stockholders

In 2007, the Company appointed Fadi Nora to its Board of Directors. In addition to compensation the Company normally pays to non-employee members of the Board, Mr. Nora is entitled to a quarterly bonus equal to 0.5 percent of any gross sales earned by the Company directly through Mr. Nora's efforts. As of September 30, 2009, the Company owed $13,440 under this arrangement. Mr. Nora also is entitled to a bonus equal to five percent of the amount of any investment proceeds received by the Company that are directly generated and arranged by him if the following conditions are satisfied: (i) his sole involvement in the process of obtaining the investment proceeds is the introduction of the Company to the potential investor, but that he does not participate in the recommendation, structuring, negotiation, documentation, or selling of the investment, (ii) neither the Company nor the investor are otherwise obligated to pay any commissions, finders fees, or similar compensation to any agent, broker, dealer, underwriter, or finder in connection with the investment, and (iii) the Board in its sole discretion determines that the investment qualifies for this bonus, and that the bonus may be paid with respect to the investment. During 2008, Mr. Nora received no compensation under this arrangement, and at September 30, 2009, the Company owed him $60,600 stemming from investment proceeds received under various financing arrangements.

In 2007, the Company also entered into a consulting agreement with Mr. Nora, whereby the Company assigned to him approximately one-third of the Company's share in future AfterBev cash distributions. In return, Mr. Nora assisted in the initial AfterBev organization and planning, and continued to assist in subsequent beverage development and distribution activities. The agreement also provided that as the Company sold a portion of its membership interest in AfterBev, Mr. Nora would be owed his proportional assigned share distribution in the proceeds of such a sale. Distributable proceeds due to Mr. Nora at the end of 2007 were $747,290. In January 2008, he agreed to relinquish this amount, plus an additional $116,683, in exchange for a 24 percent interest in AfterBev's profits and losses. Including the $1,675,000 obtained from his sales of AfterBev membership interests, and after offsetting advance amounts subsequently repaid to him by the Company, Mr. Nora had loaned the Company a net $1,136,404 in the form of unsecured advances during the year ended December 31, 2008. During the three months ending September 30, 2009, the Company made net payments to Mr. Nora totaling $297,000. As of September 30, 2009, the Company owed Mr. Nora $237,619.

Prior to his appointment with the Company, Mr. Nora was also involved in the ANAHOP private placement of the Company's common stock. On April 11, 2008, Mr. Nora disassociated himself from the other principals of ANAHOP, and as part of the asset settlement, relinquished ownership to the other principals of 12,857,144 shares of CirTran Corporation common stock, along with all of the warrants previously assigned to him.

In addition, on July 14, 2009, the Company entered into a Stock Purchase Agreement with Mr. Nora to purchase 75,000,000 shares of common stock of the Company at a purchase price of $.003 per share, for a total of $225,000, payable through the conversion of outstanding loans made by the director to the Company. Mr. Nora and the Company acknowledged in the purchase agreement that the Company did not have sufficient shares to satisfy the issuances, and agreed that the shares would be issued once the Company has sufficient shares to do so. As of September 30, 2009, the Company showed the balance of $225,000 as an accrued liability on the balance sheet.

In 2007, the Company issued a 10 percent promissory note to a family member of the Company's president in exchange for $300,000. The note was due on demand after May 2008. The Company repaid principal and interest totaling $8,444 and $61,109 during the years ended December 31, 2008 and 2007, respectively. The principal amount owing on the notes was $230,447 at December 31, 2008. On March 31, 2008, the Company issued to this same family member, along with four other Company shareholders, promissory notes totaling $315,000. The family member's note was for $105,000. Under the terms of all the notes, the Company received total proceeds of $300,000, and agreed to repay the amount received plus a five percent borrowing fee. The notes were due April 30, 2008, after which they were due on demand, with interest accruing at 12 percent per annum. During the year ended December 31, 2008, the Company paid two of the notes in full for a total of $105,000. In addition, the Company repaid $58,196 in principal to the family member during the year ended December 31, 2008. During the nine months ended September 30, 2009, the Company repaid an additional $20,500 in principal. The principal balance owing on the promissory notes as of September 30, 2009, totaled $135,915.

13

During the year ended December 31, 2008, the Company president advanced the Company $778,600. Of the amounts advanced, $600,000 was used to purchase interest in PlayBev directly which resulted in a reduction of $600,000 of amounts owed by PlayBev to the Company. During the three months ended June 30, 2009 the Company president advanced an additional $500,000 to the company for his purchase of an additional 3 percent interest in PlayBev, which resulted in a reduction of $500,000 of amounts owed by PlayBev to the Company. During the three months ended September 30, 2009 the Company president advanced a net additional $35,000. As of September 30, 2009, the Company still owed the Company's president $313,600 in the form of unsecured advances.

On July 14, 2009, the Company entered into a Stock Purchase Agreement with the president of the Company to purchase 50,000,000 shares of common stock of the Company at a purchase price of $.003 per share, for a total amount of $150,000, payable through the conversion of outstanding loans made by the president of the Company to the Company. Mr. Hawatmeh and the Company acknowledged in the purchase agreement that the Company did not have sufficient shares to satisfy the issuances, and agreed that the shares would be issued once the Company has sufficient shares to do so. As of September 30, 2009, the Company showed the balance of $150,000 as an accrued liability on the balance sheet. In addition, during the three months ended September 30, 2009, the Company's president purchased a 5 percent share in AfterBev from an existing shareholder of AfterBev for $273,000.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

Registration rights agreements - In December 2005, in connection with the Company's issuance of a convertible debenture to YA Global Investments, L.P., formerly known as Cornell Capital Partners, L.P. ("YA Global") (see Note 8), the Company granted to YA Global registration rights, pursuant to which the Company agreed to file, within 120 days of the closing of the purchase of the debenture, a registration statement to register the resale of shares of the Company's common stock issuable upon conversion of the debenture. The Company also agreed to use its best efforts to have the registration statement declared effective within 270 days after filing the registration statement. The Company agreed to register the resale of up to 32,608,696 shares and 10,000,000 warrants, and to keep the registration statement effective until all of the shares issuable upon conversion of the debenture have been sold.

In August 2006, in connection with the Company's issuance of a second convertible debenture to YA Global (see Note 8), the Company granted YA Global registration rights, pursuant to which the Company agreed to file, within 120 Days of the closing of the purchase of the debenture, a registration statement to register the resale of shares of the Company's common stock issuable upon conversion of the debenture. The Company also agreed to use its best efforts to have the registration statement declared effective within 270 days after filing the registration statement. The Company agreed to register the resale of up to 74,291,304 shares and 15,000,000 warrants, and to keep such registration statement effective until all of the shares issuable upon conversion of the debenture have been sold. The 10,000,000 warrants expired on December 31, 2008.

Previously, YA Global had agreed to extensions of the filing deadlines inherent in the terms of the two convertible debentures mentioned above, and in February 2008 agreed to extend the filing deadlines to December 31, 2008. No further extension had been granted.

Forbearance Agreement - On August 11, 2009, the Company and YA Global entered into a forbearance agreement related to the three convertible debentures issued by the Company to YA or its predecessor entities (See Note 8 - Convertible Debentures):

Under the terms of the agreement, the Company agreed to waive any claims against YA, entered into a Global Security Agreement (discussed below), a Global Guaranty Agreement (discussed below), and an amendment of a warrant granted to YA in connection with the issuance of the August Debenture; agreed to seek to obtain waivers from the Company's landlords at its properties in Utah, California, and Arkansas; agreed to seek to obtain deposit account control agreements from the Company's banks and depository institutions; and to repay the Company's obligations under the Debentures.

14

The repayment terms of the Forbearance Agreement required an initial payment of

$125,000 upon signing the agreement. Beginning September 1, 2009 through May 1, 2010 monthly payments ranging from $150,000 to $300,000 are due for total payments of $2,825,000. The remaining balance is due July 1, 2010.

Pursuant to the Forbearance Agreement, the Company, subject to the consent of YA, may choose to pay all or any portion of the monthly payments in common stock, at a conversion price used to determine the number of shares of common stock equal to 85 percent of the lowest closing bid price of the Company's common stock during the ten trading days prior to the payment date.

YA agreed to forbear from enforcing its rights and remedies as a result of the existing defaults and/or converting the Debentures into shares of the Company's common stock, until the earlier of the occurrence of a Termination Event (as defined in the Forbearance Agreement), or July 1, 2010.

The Company, YA, and certain of the Company's subsidiaries also entered into a Global Security Agreement (the "GSA") in connection with the Forbearance Agreement. Under the GSA, the Company and the participating subsidiaries pledged and granted to YA a security interest in all assets and personal property of the Company and each participating subsidiary as security for the payment or performance in full of the obligations set forth in the Forbearance Agreement.

Additionally, the Company, YA, and certain of the Company's subsidiaries also entered into a Global Guaranty Agreement (the "GGA") in connection with the Forbearance Agreement. Under the GGA, the Company and the participating subsidiaries guaranteed to YA the full payment and prompt performance of all of the obligations set forth in the Forbearance Agreement.

The Company currently has issued and outstanding options, warrants, convertible notes and other instruments for the acquisition of the Company's common stock in excess of the available authorized but unissued shares of common stock provided for under the Company's Articles of Incorporation, as amended. As a consequence, in the event that the holders of such instruments requiring the issuance, in the aggregate, of a number of shares of common stock that would, when combined with the previously issued and outstanding common stock of the Company exceed the authorized capital of the Company, seek to exercise their rights to acquire shares under those instruments, the Company will be required to increase the number of authorized shares or effect a reverse split of the outstanding shares in order to provide sufficient shares for issuance under those instruments.

NOTE 7 - NOTES PAYABLE

On June 6, 2006, the Company and ABS signed an agreement (the "Asset Purchase Agreement"), subject to the ABS Bankruptcy Court's approval. On June 7, 2006, the ABS Bankruptcy Court entered orders approving the Asset Purchase Agreement and granting the Sale Motion, and approving the settlement and compromise of certain disputed claims against ABS (see Legal Proceedings). Under the Asset Purchase Agreement, the Royalty Obligation is capped at $4,135,000. To the extent the amounts paid to ABS on account of the Royalty Obligation equal less than $435,000 on the two-year anniversary of the closing of the purchase, then, within 30 days of such anniversary, the Company has agreed to pay ABS an amount equal to $435,000 less the royalty payments made to date. As of September 30, 2009, the balance on the note was $105,050.

Throughout 2007, as energy drink development and marketing activities progressed, After Bev Group, LLC, raised additional funds by selling portions of the membership in AfterBev to other investors. By December 31, 2007, a total of $3,663,000 was raised, of which $2,572,290 was recorded as distributable proceeds to two individuals with original interests in AfterBev. During 2007, distributable proceeds owed to one of these individuals were a net $950,000. The same individual was also owed $50,000 of the $250,000 that had been advanced as part of the membership interest in PlayBev. In December 2007, the Company agreed to convert the $50,000 still owing, plus the remaining distributable proceeds payable, into a two-year, $1,000,000, unsecured, non-interesting bearing promissory note. The Company recorded the note in its financial statements net of $193,548 in imputed interest at the Company's incremental borrowing rate of 12 percent, calculated over the life of the note. As of September 30, 2009, a total of $193,548 had been accreted against the loan. Interest expense of $24,094 and $47,923 was accreted during the three and nine months ended September 30, 2009, respectively, as compared to accretion expense of $45,805 and $93,729 for the three and nine months ended September 30, 2008, respectively. The carrying value of the note will continue to be accreted over the life of the note until the carrying value equals the face value of $1,000,000. The entire balance of the note was paid in full during the three months ending September 30, 2009.

In February 2008, the Company issued a 10 percent, three-year, $700,000 promissory note to an investor. No interim principal payments are required, but accrued interest is due quarterly. The investor also received five-year warrants to purchase up to 75,000,000 shares of common stock at exercise prices ranging from $0.02 to $0.50 per share. The Company determined that the warrants fell under derivative accounting treatment, and recorded the initial carrying value of a derivative liability equal to the fair value of the warrants at the time of issuance. At the same time, a discount equal to the face amount of the note was recorded, to be recognized ratably to interest expense. Interest expense of $58,920 and $174,839 was accreted during the three and nine months ended September 30, 2009, respectively, as compared to interest expense of $58,920 and $137,694 for the three and nine months ended September 30, 2008. A total of $371,454 has been accreted against the note as of September 30, 2009. The carrying value of the note will continue to be accreted over the life of the note until the carrying value equals the face value of $700,000. As of September 30, 2009, the balance of the note was $371,454. The fair value of the derivative liability stemming from the associated warrants as of September 30, 2009, was $375,327.

In March 2008, the Company converted $75,000 owed to an unrelated member of AfterBev into a one-year, 10 percent promissory note, with interest payable quarterly. The balance as of September 30, 2009, was $75,000. The note renews monthly.

In April 2008, the Company issued a 12 percent promissory note to an individual for $315,000. The Company received proceeds of $300,000, and agreed to repay the amount received plus a five percent borrowing fee. This note was due in May 2008, after which it became due on demand, with interest accruing at 12 percent per annum. The Company president also agreed to personally guarantee the payment of this note. On April 2, 2009, payment was made in full.

On April 2, 2009 the Company President and a Director of the Company borrowed from a third party a total of $890,000 in the form of four short-term promissory notes. The Company President and a Director of the Company signed personally for the notes. Since the loans were used to pay obligations of the Company, the Company has assumed full responsibility for the notes. Two of the notes were for a term of 60 days, with a 60 day grace period, a third note was for a term of 90 days, and a fourth note was for 24 days. Loan fees totaling $103,418 were incurred with the issuance of the notes and are payable upon maturity of the notes. The promissory notes and loan fees have not been paid. As of September 30, 2009, two of the notes were in the 60-day grace period and one was in default.

NOTE 8 - CONVERTIBLE DEBENTURES

Highgate House Funds, Ltd. - In May 2005, the Company entered into an agreement with Highgate to issue a $3,750,000, 5 percent Secured Convertible Debenture (the "Debenture"). The Debenture was originally due December 31, 2007, and is secured by all of the Company's assets. Highgate extended the maturity date of the Debenture to December 31, 2008. As of January 1, 2008 the interest rate increased to 12 percent.

Accrued interest is payable at the time of maturity or conversion. The Company may, at its option, elect to pay accrued interest in cash or shares of its common stock. If paid in stock, the conversion price shall be the closing bid price of the common stock on either the date the interest payment is due or the date on which the interest payment is made. The balance of accrued interest owed at September 30, 2009 was $31,582.

At any time, Highgate may elect to convert principal amounts owing on the Debenture into shares of the Company's common stock at a conversion price equal to the lesser of $0.10 per share or an amount equal to the lowest closing bid price of the Company's common stock for the twenty trading days immediately preceding the conversion date. The Company has the right to redeem a portion of the entire Debenture outstanding by paying 105 percent of the principal amount redeemed plus accrued interest thereon.

Highgate's right to convert principal amounts of the Debenture into shares of the Company's common stock is limited as follows:

(i) Highgate may convert up to $250,000 worth of the principal amount plus accrued interest of the Debenture in any consecutive 30-day period when the market price of the Company's stock is $0.10 per share or less at the time of conversion;

(ii) Highgate may convert up to $500,000 worth of the principal amount plus accrued interest of the Debenture in any consecutive 30-day period when the price of the Company's stock is greater than $0.10 per share at the time of conversion; provided, however, that Highgate may convert in excess of the foregoing amounts if the Company and Highgate mutually agree; and

(iii) Upon the occurrence of an event of default, Highgate may, in its sole discretion, accelerate full repayment of all debentures outstanding and accrued interest thereon, or may convert the Debentures and accrued interest thereon into shares of the Company's common stock.

Except in the event of default, Highgate may not convert the Debenture for a number of shares that would result in Highgate owning more than 4.99 percent of the Company's outstanding common stock.

The Company also granted Highgate registration rights related to the shares of the Company's common stock issuable upon the conversion of the Debenture.

The Company determined that certain conversion features of the Debenture fell under derivative accounting treatment. Since May 2005, the carrying value has been accreted over the life of the debenture until December 31, 2007, the original maturity date. As of that date, the carrying value of the Debenture was $970,136, which was the remaining face value of the debenture. The carrying value of the Debenture as of September 30, 2009, was $620,136. The fair value of the derivative liability stemming from the debenture's conversion feature was determined to be $0 as of September 30, 2009.

In connection with the issuance of the Debenture, $2,265,000 of the proceeds was used to repay earlier promissory notes. Fees of $256,433, withheld from the proceeds, were capitalized and were amortized over the life of the note.

During 2006, Highgate converted $1,000,000 of Debenture principal and accrued interest into a total of 37,373,283 shares of common stock. During 2007, Highgate converted $1,979,864 of Debenture principal and accrued interest into a total of 264,518,952 shares of common stock. During the year ended December 31, 2008, Highgate converted $350,000 of debenture principal into a total of 36,085,960 shares of common stock During the nine months ended September 30, 2009, $55,659 of interest expense accrued on the debenture.

YA Global December Debenture - In December 2005, the Company entered into an agreement with YA Global to issue a $1,500,000, 5 percent Secured Convertible Debenture (the "December Debenture"). The December Debenture was originally due July 30, 2008, and has a security interest in all the Company's assets, subordinate to the Highgate security interest. YA Global also agreed to extend the maturity date of the December Debenture to December 31, 2008. As of January 1, 2008 the interest rate was increased to 12 percent.

Accrued interest is payable at the time of maturity or conversion. The Company may, at its option, elect to pay accrued interest in cash or shares of the Company's common stock. If paid in stock, the conversion price shall be the closing bid price of the common stock on either the date the interest payment is due or the date on which the interest payment is made.

17

At any time, YA Global may elect to convert principal amounts owing on the December Debenture into shares of the Company's common stock at a conversion price equal to an amount equal to the lowest closing bid price of the Company's common stock for the twenty trading days immediately preceding the conversion date. The Company has the right to redeem a portion or the entire December Debenture then outstanding by paying 105 percent of the principal amount redeemed plus accrued interest thereon. Interest expense accrued during the nine months ending September 30, 2009 totaled $134,630. The balance of accrued interest owed at September 30, 2009, was $465,534.

YA Global's right to convert principal amounts of the December Debenture into shares of the Company's common stock is limited as follows:

(i) YA Global may convert up to $250,000 worth of the principal amount plus accrued interest of the December Debenture in any consecutive 30-day period when the market price our stock is $0.10 per share or less at the time of conversion;

(ii) YA Global may convert up to $500,000 worth of the principal amount plus accrued interest of the December Debenture in any consecutive 30-day period when the price of the Company's common stock is greater than $0.10 per share at the time of conversion; provided, however, that YA Global may convert in excess of the foregoing amounts if the Company and YA Global mutually agree; and

(iii) Upon the occurrence of an event of default, YA Global may, in its sole discretion, accelerate full repayment of the debenture outstanding and accrued interest thereon or may convert the December Debenture and accrued interest thereon into shares of the Company's common stock.

Except in the event of default, YA Global may not convert the December Debenture for a number of shares that would result in YA Global owning more than 4.99 percent of the Company's outstanding common stock.

The YA Global Debenture was issued with 10,000,000 warrants, with an exercise price of $0.09 per share. The warrants vested immediately and had a three-year life. As a result of the May 2007 1.2-for1 forward stock split, the effective number of vested warrants increased to 12,000,000. On December 31, 2008, all 12,000,000 warrants expired.

The Company also granted YA Global registration rights related to the shares of the Company's common stock issuable upon the conversion of the December Debenture and the exercise of the warrants. As of the date of this Report, no registration statement had been filed.

The Company determined that the conversion features on the December Debenture and the associated warrants fell under derivative accounting treatment. The carrying value was accreted over the life of the December Debenture until August 31, 2008, a former maturity date, at which time the principal value of the December Debenture reached $1,500,000. The fair value of the derivative liability stemming from the December Debenture's conversion feature was determined to be $0 as of September 30, 2009.

In connection with the issuance of the December Debenture, fees of $130,000, withheld from the proceeds, were capitalized and were amortized over the original life of the December Debenture.

As of September 30, 2009, YA Global had not converted any of the December Debenture into shares of the Company's common stock. There was no activity associated with the debenture during the nine months ended September 30, 2009 other than $134,630 of accrued interest expense on the debenture. As a result, the carrying value of the debenture remains $1,500,000 as of September 30, 2009.

YA Global August Debenture - In August 2006, the Company entered into another agreement with YA Global relating to the issuance by the Company of another 5 percent Secured Convertible Debenture, due in April 2009, in the principal amount of $1,500,000 (the "August Debenture").

Accrued interest is payable at the time of maturity or conversion. The Company may, at its option, elect to pay accrued interest in cash or shares of the Company's common stock. If paid in stock, the conversion price shall be the closing bid price of the common stock on either the date the interest payment is due or the date on which the interest payment is made. Interest expense accrued during the nine months ending September 30, 2009 totaled $95,038. The balance of accrued interest owed at September 30, 2009, was $369,732.

YA Global is entitled to convert, at its option, all or part of the principal amount owing under the August Debenture into shares of the Company's common stock at a conversion price equal 105 percent of the lowest closing bid price of the Company's common stock for the twenty trading days immediately preceding the conversion date.

YA Global's right to convert principal amounts owing under the August Debenture into shares of our common stock is limited as follows:

(i) YA Global may convert up to $500,000 worth of the principal amount plus accrued interest of the August Debenture in any consecutive 30-day period when the price of the Company's common stock is $0.03 per share or less at the time of conversion;

(ii) YA Global may convert any amount of the principal amount plus accrued interest of the August Debenture in any consecutive 30-day period when the price of the Company's common stock is greater than $0.03 per share at the time of conversion; and

(iii) Upon the occurrence of an Event of Default (as defined in the August Debenture), YA Global may, in its sole discretion, accelerate full repayment of all debentures outstanding and accrued interest thereon or may, notwithstanding any limitations contained in the August Debenture and/or the Purchase Agreement, convert all debentures outstanding and accrued interest thereon in to shares of the Company's common stock pursuant to the August Debenture.

Except in the event of default, YA Global may not convert the August Debenture for a number of shares of common stock that would cause the aggregate number of shares of Common Stock beneficially owned by Cornell and its affiliates to exceed 4.99 percent of the outstanding shares of the common stock following such conversion.

In connection with the issuance of the August Debenture, the Company granted YA Global registration rights related to the common stock issuable upon conversion of the August Debenture and the exercise of the Warrants. As of the date of this report, no registration statement had been filed.

With the issuance of the August Debenture, fees of $135,000, withheld from the proceeds, were capitalized and were amortized over the life of the August Debenture.

In connection with the August Purchase Agreement, the Company also agreed to grant to YA Global warrants (the "Warrants") to purchase up to an additional 15,000,000 shares of the Company's common stock. The Warrants have an exercise price of $0.06 per share, and expire three years from the date of issuance. The Warrants also provide for cashless exercise if at the time of exercise there is not an effective registration statement or if an event of default has occurred. As a result of the May 2007 1.2 for 1 forward stock split, the effective number of outstanding warrants increased to 18,000,000.

The Company determined that the conversion features on the August Debenture and the associated warrants fell under derivative accounting treatment. The carrying value will be accreted each quarter over the life of the August Debenture until the carrying value equals the face value of $1,500,000. YA Global chose to convert $117,622 of the convertible debenture into 72,710,337 shares of common stock during the nine months ended September 30, 2009 (see note 9). As of September 30, 2009, the carrying value of the August Debenture was $1,041,218. The fair value of the derivative liability arising from the August Debenture's conversion feature and warrants was $67,448 as of September 30, 2009.

NOTE 9 - STOCKHOLDERS' EQUITY

During the nine months ended September 30, 2009, the Company issued the following shares of restricted common stock:

- 65,088,757 shares for payment of $110,000 of principal on the August debenture to YA Global (see Note 8). Associated with the debenture conversion payment was a related decrease in the derivative liability of $62,741.

- 7,621,580 shares for payment of $7,622 of principal on the August Debenture to YA Global (see Note 8).

NOTE 10 - STOCK OPTIONS AND WARRANTS

Stock Option Plans - As of September 30, 2009, there were no options outstanding from the three Stock Option Plans adopted during 2003 and 2004. Options to purchase a total of 59,200,000 shares of common stock had been issued from the 2006 Stock Option Plan as of September 30, 2009, out of which a maximum of 60,000,000 can be issued. As of June 30, 2009, options and share purchase rights to acquire a total of 22,960,000 shares of common stock had been issued from the 2008 Stock Option Plan, also, out of which a maximum of 60,000,000 can be issued. The Company's Board of Directors administers the plans, and has discretion in determining the employees, directors, independent contractors, and advisors who receive awards, the type of awards (stock, incentive stock options, non-qualified stock options, or share purchase rights) granted, and the term, vesting, and exercise prices.

Employee Options - The Company did not grant any employee options during the nine months ended September 30, 2009. During the nine months ended September 30, 2008, the Company granted options to purchase 12,960,000 shares of common stock to employees, with an associated aggregated fair market value of $105,296.

Option awards to employees are granted with an exercise price equal to the market price of the Company's stock at the date of grant. Most of the options granted previously have vested immediately, and most have had four-year contractual terms.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option valuation model, using the assumptions noted in the following table. Expected volatilities are based on the historical volatility of the Company's common stock over the most recent period commensurate with the expected term of the option. Prior to 2007, at times the Company granted options to employees in lieu of salary payments, and the pattern of exercise experience was known. Beginning in 2007, options were granted under different circumstances, and the Company has insufficient historical exercise data to provide a reasonable basis upon which to estimate the expected terms. Accordingly, in such circumstances, the Company in 2007 began using the simplified method for determining the expected term of options granted with exercise prices equal to the stock's fair market value on the grant date. The risk-free rate for periods within the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant. As the Company did not grant any employee options during the nine months ended September 30, 2009, no actual assumptions were applicable for the nine months ended September 30, 2009 (see table below):

	Three months ended	Nine months ended

	September 30, 2009	September 30, 2008	September 30, 2009	September 30, 2008
Expected dividend yield	-	-	-	-
Risk free interest rate	n/a	n/a	n/a	1.44% - 2.73%
Expected volatility	n/a	n/a	n/a	118% - 120%
Weighted average volatility	n/a	n/a	n/a	119%
Expected term (in years)	n/a	n/a	n/a	2.5 - 2.6
Weighted average fair value per share	n/a	n/a	n/a	$0.008

A summary of the stock option activity under the Plans as of September 30, 2009, and changes during the nine months then ended is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2008	56,160,000	$ 0.014		
Granted	-	$ -		
Exercised	-	$ -		
Forfeited	(3,000,000)	$ 0.014		
Outstanding at September 30, 2009	53,160,000	$ 0.014	2.73	$ -
Excercisable at September 30, 2009	51,360,000	$ 0.014	2.75	$ -

There were no options exercised during the nine months ended September 30, 2009 and 2008. As of September 30, 2009, there was $7,971 in unrecognized compensation cost related to non-vested options outstanding that is expected be recognized over a weighted average period of 2.25 years.

Share Purchase Rights - In January 2008, the Company granted share purchase rights to attorneys to acquire 10,000,000 shares of common stock at a price of $0.0001 per share. The purchase rights were granted in order that the attorneys could sell the underlying shares and thus satisfy amounts due for legal services rendered. Additional legal expense of $130,000 was recognized as the fair market value at the time the stock purchase rights were awarded. Fair market value was estimated using the Black-Scholes valuation model, and using assumptions for volatility and estimated term as being close to zero since it was assumed that the rights would be exercised almost immediately. As a result, the valuation of the stock purchase rights was calculated to be virtually the same as the fair value of the underlying common stock on the date of issuance.

Warrants - In connection with the YA Global convertible debenture issued in December 2005, the Company issued three-year warrants to purchase 10,000,000 shares of the Company's common stock. The warrants had an exercise price of

$0.09 per share, and vested immediately, and had a three-year contractual life. These warrants expired on December 31, 2008.

In May 2006, the Company closed a private placement of shares of its common stock and warrants in which it issued 14,285,715 shares of the Company's common stock to ANAHOP, Inc., a California corporation, and issued warrants to purchase up to 30,000,000 additional shares of common stock to designees of ANAHOP for a price of $1,000,000. The term of these warrants was for five years. With respect to the shares underlying the warrants, the Company granted piggyback registration rights as follows: (A) once all of the warrants with an exercise price of $0.15 per share have been exercised, the Company agreed to include in its next registration statement the resale of those underlying shares; (B) once all of the warrants with an exercise price of $0.25 per share have been exercised, the Company agreed to include in its next registration statement the resale of those underlying shares; and (C) once all of the warrants with an exercise price of $0.50 per share have been exercised, the Company agreed to include in its next registration statement the resale of those underlying shares. The Company did not grant any registration rights with respect to the original 14,285,715 shares of common stock.

In connection with the YA Global convertible debenture issued in August 2006, the Company issued three-year warrants to purchase 15,000,000 shares of the Company's common stock. The initial expiration date of the warrants was August 23, 2009. As part of the Forbearance Agreement (see Note 6) the life of the warrants was extended one year to August 23, 2010. The warrants had an exercise price of $0.06 per share, and vested immediately.

In connection with the private placement with ANAHOP, the Company issued five-year warrants to purchase 30,000,000 shares of common stock at prices ranging from $0.15 to $0.50. All of these warrants were subject to adjustment in the event of a stock split. Accordingly, as a result of the 1.2 for 1 forward stock split that occurred in 2007, there are warrants outstanding at September 30, 2009, to purchase a total of 36,000,000 shares of common stock in connection with these transactions. The exercise price per share of each of the aforementioned warrants was likewise affected by the stock split, in that each price was reduced by 20 percent.

21

During 2008, in connection with issuing a promissory note, the Company also issued five-year warrants to purchase up to 75,000,000 shares of common stock at exercise prices ranging from $0.02 to $0.50 per share. Also during 2008, in connection with entering into an agreement with an outside consultant, the Company also issued four-year warrants to purchase up to 6,000,000 shares of common stock at an exercise price of $0.0125 per share. The Company accounts for these consultant warrants under the provisions of Accounting Standards Codification ("ASC") 505-50, Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring or in Conjunction with Selling Goods or Services.

The Company currently has an insufficient number of authorized shares to enable warrant holders to fully exercise their warrants, assuming all warrants holders desired to do so. Accordingly, the warrants are subject to derivative accounting treatment, and are included in the derivative liability related to the convertible debentures (see Note 8).

NOTE 11 - SEGMENT INFORMATION

The Company has four reportable segments: Electronics Assembly, Contract Manufacturing, Marketing and Media, and Beverage Distribution. The Electronics

Assembly segment manufactures and assembles circuit boards and electronic component cables. The Contract Manufacturing segment manufactures, either directly or through foreign subcontractors, various products under manufacturing and distribution agreements. The Marketing and Media segment provides marketing services to online retailers, along with beverage development and promotional services to Play Beverages, LLC. The Beverage Distribution segment manufactures, markets, and distributes Playboy-licensed energy drinks domestically and internationally. The Beverage Distribution segment continues to grow, and the distribution channels, across the country and internationally, continues to gain traction. The company anticipates this segment to become more significant in relation to overall Company operations.

The accounting policies of the segments are consistent with those described in the summary of significant accounting policies. The Company evaluates performance of each segment based on earnings or loss from operations. Selected segment information is as follows:

	Electronics Assembly	Contract Manufacturing	Marketing and Media	Beverage Distribution
Three months ended September 30, 2009				
Sales to external customers	$ 192,660	$ 54,204	$ 1,575,421	$ 868,656
Segment income (loss)	(847,687)	(37,612)	1,742	(324,583)
Segment assets	3,987,843	1,524,304	8,213,494	803,756
Depreciation and amortization	95,923	64,482	5,894	-
Three months ended September 30, 2008				
Sales to external customers	$ 250,621	$ 207,982	$ 2,086,489	$ 557,322
Segment income (loss)	(1,863,270)	(127,643)	(551,027)	283,526
Segment assets	4,761,123	2,103,364	7,761,986	138,636
Depreciation and amortization	96,152	65,182	214	-
Nine months ended September 30, 2009				
Sales to external customers	$ 1,050,394	$ 333,162	$ 5,065,682	$ 1,263,292
Segment income (loss)	(1,481,180)	(203,170)	(554,424)	(353,074)
Segment assets	3,987,843	1,524,304	8,213,494	803,756
Depreciation and amortization	288,227	193,584	17,575	-
Nine months ended September 30, 2008				
Sales to external customers	$ 1,287,316	$ 1,729,694	$ 6,303,870	$ 882,118
Segment income (loss)	$ (2,935,892)	$ 101,289	$ (536,149)	$ 389,325
Segment assets	4,761,123	2,103,364	7,761,986	138,636
Depreciation and amortization	$ 288,227	$ 194,573	$ 965	$ -

NOTE 12 - GEOGRAPHIC INFORMATION

The Company currently maintains approximately $438,501 of capitalized tooling costs in China. All other revenue-producing assets are located in the U.S. While the Company ships products overseas on behalf of its customers, those customers are located almost exclusively in the United States.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This discussion should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2008.

Overview

In our U.S. operations, we provide a mix of high and medium size volume turnkey manufacturing services and products using various high-tech applications for leading electronics OEMs in the communications, networking, peripherals, gaming, law enforcement, consumer products, telecommunications, automotive, medical, and semiconductor industries. Our services include pre-manufacturing, manufacturing and post-manufacturing services. Our goal is to offer customers the significant competitive advantages that can be obtained from manufacture outsourcing. We also market an energy drink under the Playboy brand pursuant to a license agreement with Playboy Enterprises, Inc.

We conduct business through our subsidiaries and divisions: CirTran USA, CirTran Asia, CirTran Products, CirTran Media Group, CirTran Online, and CirTran Beverage. CirTran USA accounted for seven percent and eight percent of our total revenues during the three months ended September 30, 2009 and 2008 respectively, and accounted for 12 percent and 13 percent, respectively, of total revenues for the nine months ended September 30, 2009 and 2008. Revenues were generated by low-volume electronics assembly activities consisting primarily of the placement and attachment of electronic and mechanical components on printed circuit boards and flexible (i.e., bendable) cables.

Through CirTran Asia we manufacture and distribute electronics, consumer products and general merchandise to companies selling in international markets. Sales were two and four percent of our total revenues during the three months ended September 30, 2009 and 2008, respectively. Sales during the nine-month periods ending September 30, 2009 and 2008 were two and 16 percent of total revenues, respectively.

CirTran Products pursues contract-manufacturing relationships in the U.S. consumer products markets, including licensed merchandise sold in the sports and entertainment markets. Sales comprised 0 and two percent of total sales for the quarters ended September 30, 2009 and 2008, respectively, and comprised two and 0 percent of total sales for the nine months ended September 30, 2009 and 2008, respectively.

CirTran Media provides end-to-end services to the direct response and entertainment industries. Revenues for CirTran Media were 0 percent and 1 percent of total sales for the quarters ended September 30, 2009 and 2008, respectively. During the nine months ended September 30, 2009 and 2008, revenues were 0 and 3 percent, respectively.

CirTran Online sells products via the Internet, and provides services and support to Internet retailers. In conjunction with partner GMA, revenues from this division were 25 and 33 percent of total revenues during the three months ending September 30, 2009 and 2008, respectively, and were 25 and 20 percent of total revenues during the nine months ended September 30, 2009 and 2008, respectively.

CirTran Beverage manufactures, markets, and distributes Playboy-licensed energy drinks in accordance with an agreement we, entered into with PlayBev, a related party who holds the Playboy license. In the future we also anticipate including flavored water beverages and related merchandise. We provide development and promotional services to PlayBev, and pay a royalty based on our product sales and manufacturing costs. Services billed to PlayBev during the three months ended September 30, 2009 and 2008 under this arrangement accounted for 33 and 34 percent of total sales, respectively, while services billed to PlayBev during the nine months ended September 30, 2009 and 2008, totaled 44 and 35 percent, respectively. Sales of energy drink beverages during the three months ended September 30, 2009 and 2008 amounted to 25 percent and 18 percent of total sales, respectively. During the nine months ended September 30, 2009 and 2008 sales of energy drink beverages accounted for 14 and 9 percent of total sales, respectively. We also recorded product distribution revenue of $207,650 for the three and nine months ended September 30, 2009 relating to international energy drink beverage arrangements.

24

Forward-Looking Statements and Certain Risks

The statements contained in this report that are not purely historical are considered to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act. These statements represent our expectations, hopes, beliefs, anticipations, commitments, intentions, and strategies regarding the future. They may be identified by the use of words or phrases such as "believes," "expects," "anticipates," "should," "plans," "estimates," and "potential," among others. Forward-looking statements include, but are not limited to, statements contained in Management's Discussion and Analysis of Financial Condition and Results of Operations regarding our financial performance, revenue, and expense levels in the future and the sufficiency of our existing assets to fund future operations and capital spending needs. Readers are cautioned that actual results could differ materially from the anticipated results or other expectations that are expressed in these forward-looking statements for the reasons detailed in our most recent Annual Report on Form 10-K at pages 14 through 23. The fact that some of these risk factors may be the same or similar to our past reports filed with the SEC means only that the risks are present in multiple periods. We believe that many of the risks detailed here and in our other SEC filings are part of doing business in the industry in which we operate and compete and will likely be present in all periods reported. The fact that certain risks are common in the industry does not lessen their significance. The forward-looking Statements contained in this report, are made as of the date of this report and we assume no obligation to update them or to update the reasons why our actual results could differ from those that we have projected in such forward-looking Statements. We expressly disclaim any obligation or intention to update any forward-looking statement.

Results of Operations

Comparison of the Three and Nine months ended September 30, 2009 and 2008

Sales and Cost of Sales

Net sales decreased to $2,690,941 for the quarter ended September 30, 2009, as compared to $3,102,414 for the quarter ended September 30, 2008, driven by continued softness in the electronics assembly and contract manufacturing segments. Net sales for the nine months ending September 30, 2009, fell $2,490,468 as compared to the same period in 2008. The net sales decreases in 2009 as compared to 2008 are attributable primarily to the effects of the national economic slowdown in our traditional manufacturing segments and a strategic shift into promising segments that will produce immediate sales results and improved profit margins. In our Beverage Distribution segment, we continue to gain momentum as we have experienced a 20 percent increase in our net sales during the nine months ended September 30, 2009, as compared to the nine months ended September 30, 2008, driven by our continued domestic and international expansion of the Playboy Energy Drink beverages.

Cost of sales, as a percentage of sales, decreased to 89 percent from 96 percent for the three months ended September 30, 2009, as compared to the prior year, while cost of sales for the nine months ended September 30, 2009 increased to 89 percent as compared to 85 percent for the nine months ended September 30, 2008. Consequently, the gross profit margin increased to 11 percent from 4 percent, for the three months ended September 30, 2009 and 2008, while the gross profit margin for the nine months ended September 30, 2009 and 2008 decreased to 11 percent from 15 percent. The increases and decreases in gross profit margin were attributable to the significant shift in the sales mix of products and services experienced during 2009 as compared to 2008 and increases in product royalty expenses, which are included in the cost of sales. One of the primary reasons for the difference was the arrangement we have with GMA. Pursuant to our Assignment and Exclusive Services Agreement, we recognize the revenue collected under the GMA contracts, and remit back to GMA a management fee approximating their actual costs. This management fee is included in our cost of revenue. Another reason the gross margin decreased was due to the nature of our manufacturing and distribution agreement with PlayBev. CirTran Beverage invoices PlayBev for beverage development and marketing services, which are very low margin projects. However, we anticipate that gross profit margins for CirTran Beverage will increase during the balance of 2009, as the distribution of the Playboy Energy Drink beverages continues to expand both domestically and internationally.

The following charts present comparisons of sales, cost of sales and gross profits generated by our four operating segments, i.e., Contract Manufacturing, Electronics Assembly, Marketing and Media and Beverage Distribution during the three and nine months ended September 30, 2009 and 2008.

Three Months Ended:

Segment	Year	Sales	Cost of Sales	Royalty Expense	Gross Margin
Electronics	2009	$ 192,660	$ 170,357	$ -	$ 22,303
Assembly	2008	250,621	354,643	-	(104,022)
Contract	2009	$ 54,204	$ 348	$ -	$ 53,856
Manufacturing	2008	207,982	134,283	-	73,699

Marketing / Media	2009	$ 1,575,421	$ 1,496,649	$ -	$ 78,772
	2008	2,086,489	1,775,493	-	310,996
Beverage Distribution	2009	$ 868,656	$ 358,449	$ 374,220	$ 135,987
	2008	557,322	399,816	315,164	(157,658)

Nine Months Ended:

Segment	Year	Sales	Cost of Sales	Royalty Expense	Gross Margin
Electronics Assembly	2009	$ 1,050,394	$ 721,512	$ -	$ 328,882
	2008	1,287,316	1,048,108	-	239,208
Contract Manufacturing	2009	$ 333,162	$ 128,970	$ -	$ 204,192
	2008	1,729,694	1,103,650	-	626,044
Marketing / Media	2009	$ 5,065,681	$ 4,819,642	$ -	$ 246,039
	2008	6,303,870	5,445,244	-	858,626
Beverage Distribution	2009	$ 1,263,292	$ 585,805	$ 603,852	$ 73,635
	2008	882,118	635,125	426,154	(179,161)

Selling, General and Administrative Expenses

During the three months ended September 30, 2009, selling, general and administrative expenses decreased $348,571 as compared to the same period during 2008, while selling, general and administrative expenses decreased $1,283,392 during the nine months ended September 30, 2009 as compared to the same period during 2008. The primary reason for the decrease was the slowing of advertising and media promotion spending during the nine months ended September 30, 2009, together with the reduction of travel and legal expenses. As mentioned previously, not only has the effects of the national economic decline resulted in a decrease in cable assembly and electronic orders from our traditional customers, but we have experienced a softening of sales in all segments, with the exception of our Beverage Distribution segment, driving the decrease in advertising and media promotion spending and travel expenditures. These cost savings were offset somewhat by increases in insurance, amortization and freight out expenses.

Non-cash compensation expense

Compensation expense in connection with granting options to employees to purchase common stock has decreased significantly during the three and nine months ended September 30, 2009, as compared to the prior year as no options were granted during the three and nine months ended September 30, 2009.

Other income and expense

Major components of other income and expense were as follows:

- Interest expense for the three and nine months ended September 30, 2009 was $301,158 and $868,965, respectively as compared to $458,539 and $1,502,540 for the comparative period in 2008, a decrease of 34 percent and 42 percent, respectively. The decrease is the result of a combination of reduced interest expense on the convertible debentures and the elimination of the mortgage on our building through a sale and leaseback arrangement.

- Interest income for the three and nine months ended September 30, 2009 was $132,857 and $375,772, respectively. Interest income for the three and nine months ended September 30, 2008 was $75,125 and $137,431. The increase in 2009 is the result of the interest earned on the balance owed by Playbev for services provided by us.

- During the first quarter of 2008, we arrived at a settlement agreement in connection with litigation, and were paid $300,000 to resolve all claims.

- We also recorded a loss of $382,940 on our derivative valuation for the quarter ended September 30, 2009, as compared to a loss of $867,138 derived during the quarter ended September 30, 2008. For the nine months ended September 30, 2009 we recorded a gain of $22,216 on our derivative valuation, as compared to a $838,024 gain during the nine months ended September 30, 2008. The difference resulted from the varying valuations calculated during the respective periods, taking into account differing debt levels of the underlying convertible debentures, along with the varying market values of our common stock.

As a result, we recorded a loss of $1,208,140 during the three months ended September 30, 2009, resulting in a net loss for the nine months ended September 30, 2009 of $2,591,848. During the three and nine months ended September 30, 2008, we recorded net losses of $2,258,414 and $2,981,427, respectively.

Liquidity and Capital Resources

Our operating expenses are currently greater than our revenues. We have had a history of losses, and our accumulated deficit was $35,917,265 at September 30, 2009, and $33,325,415 at December 31, 2008. Our net loss for the first nine months of 2009 was $2,591,848, compared to $2,981,427 for the first nine months of 2008. Our current liabilities exceeded our current assets by $6,251,578 as of September 30, 2009, and $4,244,213 as of December 31, 2008. The driving factors for the difference were a combination of increases in short-term accounts payable and other accrued liabilities. For the nine months ended September 30, 2009, we experienced negative cash flows from operating activities of $2,468,658, as compared to negative cash flows from operations of $3,361,754 during the nine months ended September 30, 2008

Cash

For the nine months ended September 30, 2009, we experienced negative cash flows from operating activities of $2,468,658 primarily to support modest inventory increases and both trade and related party receivables. The balance of the difference in cash used, as compared to cash provided, by operations during the first nine months of 2009 and 2008 was the result of the differences in various non-cash elements of gain and loss such as depreciation, accretion and amortization expenses, and the changes in derivative valuations on the convertible debentures and related warrants.

Accounts Receivable

Trade accounts receivable increased $110,690 as of September 30, 2009, as compared to December 31, 2008, driven by increased Playboy energy drink related revenue during the nine months ended September 30, 2009. Our receivable due from related party increased $1,526,682 during the nine months ended September 30, 2009. We agreed to provide services to PlayBev for initial development, marketing, and promotion of the energy drink. We bill these services to PlayBev and record the amount as a related party account receivable.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities owing as of September 30, 2009, increased a combined $4,103,554 when compared to corresponding year-end amounts at December 31, 2008. Accounts payable increased by $470,554 during the first nine months of 2009, while short term advances payable and other accrued liabilities increased by a combined $3,633,000 as compared to the December 31, 2008, year-end amounts, driven by an increase in bridge loans and related accrued interest.

Liquidity and financing arrangements

We have a history of substantial losses from operations, and of using rather than providing cash in operations. We had an accumulated deficit of $35,917,265 along with a total stockholders' deficit of $2,763,243 at September 30, 2009. In addition, during the nine months ended September 30, 2009; we have used, rather than provided, cash in our operations. Our monthly operating costs plus interest expense payable in cash averaged approximately $500,000 per month during the nine months ended September 30, 2009.

In conjunction with our efforts to improve our results of operations, we are also actively seeking infusions of capital from investors, and are seeking sources to repay our existing convertible debentures. In our current financial condition, it is unlikely that we will be able to obtain additional debt financing at a reasonable cost. Even if we did acquire additional debt, we would be required to devote additional cash flow to servicing the debt, and either securing the debt with assets, or paying a premium cost. Accordingly, we are looking to obtain equity financing to meet our anticipated capital needs. There can be no assurances that we will be successful in obtaining such capital. If we Issue additional shares for equity or in connection with debt, this will dilute the value of our common stock and existing shareholders' positions.

There can be no assurance that we will be successful in obtaining more debt and/or equity financing in the future or that our results of operations will materially improve in either the short or the long term. If we fail to obtain such financing and improve our results of operations, we will be unable to meet our obligations as they become due. That would raise substantial doubt about our ability to continue as a going concern.

Convertible Debentures

Highgate House Funds, Ltd. - In May 2005, we entered into an agreement with Highgate to issue a $3,750,000, five percent Secured Convertible Debenture (the "Debenture"). The Debenture was originally due December 2007, and is secured by all of our assets. Highgate agreed to extend the maturity date of the Debenture to December 31, 2008.

Accrued interest is payable at the time of maturity or conversion. We may, at our option, elect to pay accrued interest in cash or shares of our common stock. If paid in stock, the conversion price shall be the closing bid price of the common stock on either the date the interest payment is due or the date on which the interest payment is made. The balance of accrued interest owed at September 30, 2009, was $31,582.

At any time, Highgate may elect to convert principal amounts owing on the Debenture into shares of our common stock at a conversion price equal to the lesser of $0.10 per share or an amount equal to the lowest closing bid price of our common stock for the twenty trading days immediately preceding the conversion date. We have the right to redeem a portion of the entire Debenture outstanding by paying 105 percent of the principal amount redeemed plus accrued interest thereon.

Highgate's right to convert principal amounts of the Debenture into shares of our common stock is limited as follows:

(i) Highgate may convert up to $250,000 worth of the principal amount plus accrued interest of the Debenture in any consecutive 30-day period when the market price of our stock is $0.10 per share or less at the time of conversion;

(ii) Highgate may convert up to $500,000 worth of the principal amount plus accrued interest of the Debenture in any consecutive 30-day period when the price of our stock is greater than $0.10 per share at the time of conversion; provided, however, that Highgate may convert in excess of the foregoing amounts if we and Highgate mutually agree; and

28

(iii) Upon the occurrence of an event of default, Highgate may, in its sole discretion, accelerate full repayment of all debentures outstanding and accrued interest thereon, or may convert the Debentures and accrued interest thereon into shares of our common stock.

Except in the event of default, Highgate may not convert the Debenture for a number of shares that would result in Highgate owning more than 4.99 percent of our outstanding common stock.

We also granted Highgate registration rights related to the shares of our common stock issuable upon the conversion of the Debenture. As of the date of this Report, no registration statement had been filed.

We determined that certain conversion features of the Debenture fell under derivative accounting treatment. Since May 2005, the carrying value has been accreted over the life of the debenture until December 31, 2007, the original maturity date. As of that date, the carrying value of the Debenture was $970,136, which was the remaining face value of the debenture. The carrying value of the Debenture as of September 30, 2009, was $620,136. The fair value of the derivative liability stemming from the debenture's conversion feature as of September 30, 2009, was $0.

In connection with the issuance of the Debenture, $2,265,000 of the proceeds was used to repay earlier promissory notes. Fees of $256,433, withheld from the proceeds, were capitalized and are being amortized over the life of the note.

During 2006, Highgate converted $1,000,000 of Debenture principal and accrued interest into a total of 37,373,283 shares of common stock. During 2007, Highgate converted $1,979,864 of Debenture principal and accrued interest into a total of 264,518,952 shares of common stock. During the year ended December 31, 2008, Highgate converted $350,000 of debenture principle into a total of 36,085,960 shares of common stock. No Debenture principal or accrued interest was converted during the nine months ending September 30, 2009.

YA Global December Debenture - In December 2005, we entered into an agreement with YA Global to issue a $1,500,000, 5 percent Secured Convertible Debenture (the "December Debenture"). The December Debenture was originally due July 30, 2008, and has a security interest in all our assets, subordinate to the Highgate security interest. YA Global also agreed to extend the maturity date of the December Debenture to December 31, 2008.

Accrued interest is payable at the time of maturity or conversion. We may, at our option, elect to pay accrued interest in cash or shares of our common stock. If paid in stock, the conversion price shall be the closing bid price of the common stock on either the date the interest payment is due or the date on which the interest payment is made.

At any time, YA Global may elect to convert principal amounts owing on the December Debenture into shares of our common stock at a conversion price equal to an amount equal to the lowest closing bid price of our common stock for the twenty trading days immediately preceding the conversion date. We have the right to redeem a portion or the entire December Debenture then outstanding by paying 105 percent of the principal amount redeemed plus accrued interest thereon. Interest expense accrued during the nine months ending September 30, 2009 totaled $134,630. The balance of accrued interest owed at September 30, 2009, was $465,534.

YA Global's right to convert principal amounts of the December Debenture into shares of our common stock is limited as follows:

(i) YA Global may convert up to $250,000 worth of the principal amount plus accrued interest of the December Debenture in any consecutive 30-day period when the market price our stock is $0.10 per share or less at the time of conversion;

(ii) YA Global may convert up to $500,000 worth of the principal amount plus accrued interest of the December Debenture in any consecutive 30-day period when the price of our stock is greater than $0.10 per share at the time of conversion; provided, however, that YA Global may convert in excess of the foregoing amounts if we and YA Global mutually agree; and

29

(iii) Upon the occurrence of an event of default, YA Global may, in its sole discretion, accelerate full repayment of the debenture outstanding and accrued interest thereon or may convert the December Debenture and accrued interest thereon into shares of our common stock.

Except in the event of default, YA Global may not convert the December Debenture for a number of shares that would result in YA Global owning more than 4.99 percent of our outstanding common stock.

The YA Global Debenture was issued with 10,000,000 warrants, with an exercise price of $0.09 per share. The warrants vest immediately and have a three-year life. As a result of the May 2007 1.2-for-1 forward stock split, the effective number of vested warrants increased to 12,000,000. As of December 31, 2008, all

12,000,000 warrants had expired.

We also granted YA Global registration rights related to the shares of our common stock issuable upon the conversion of the December Debenture and the exercise of the warrants. As of the dates of this Report, no registration statement had been filed.

We determined that the conversion features on the December Debenture and the associated warrants fell under derivative accounting treatment. The carrying value was accreted over the life of the December Debenture until August 31, 2008, a former maturity date, at which time the principal value of the December Debenture reached $1,500,000. The fair value of the derivative liability stemming from the December Debenture's conversion feature as of September 30, 2009, was $0.

In connection with the issuance of the December Debenture, fees of $130,000, withheld from the proceeds, were capitalized and are being amortized over the life of the December Debenture.

As of September 30, 2009, YA Global had not converted any of the December Debenture into shares of our common stock. There was no activity associated with the debenture during the nine months ended September 30, 2009 other than $134,630 of accrued interest expense on the debenture. As a result, the carrying value of the debenture remains $1,500,000 as of September 30, 2009.

YA Global August Debenture - In August 2006, we entered into another agreement with YA Global relating to the issuance by the Company of another 5 percent Secured Convertible Debenture, due in April 2009, in the principal amount of $1,500,000 (the "August Debenture").

Accrued interest is payable at the time of maturity or conversion. We may, at our option, elect to pay accrued interest in cash or shares of our common stock. If paid in stock, the conversion price shall be the closing bid price of the common stock on either the date the interest payment is due or the date on which the interest payment is made. Interest expense accrued during the nine months ending September 30, 2009 totaled $95,038. The balance of accrued interest owed at September 30, 2009, was $369,732.

YA Global is entitled to convert, at its option, all or part of the principal amount owing under the August Debenture into shares of our common stock at a conversion price equal 105 percent of the lowest closing bid price of our common stock for the twenty trading days immediately preceding the conversion date.

YA Global's right to convert principal amounts owing under the August Debenture into shares of our common stock is limited as follows:

(i) YA Global may convert up to $500,000 worth of the principal amount plus accrued interest of the August Debenture in any consecutive 30-day period when the price of our stock is $0.03 per share or less at the time of conversion;

(ii) YA Global may convert any amount of the principal amount plus accrued interest of the August Debenture in any consecutive 30-day period when the price of our stock is greater than $0.03 per share at the time of conversion; and

(iii) Upon the occurrence of an Event of Default (as defined in the

August Debenture), YA Global may, in its sole discretion, accelerate full repayment of all debentures outstanding and accrued interest thereon or may, notwithstanding any limitations contained in the August Debenture and/or the Purchase Agreement, convert all debentures outstanding and accrued interest thereon in to shares of our common stock pursuant to the August Debenture.

Except in the event of default, YA Global may not convert the August Debenture for a number of shares of common stock that would cause the aggregate number of shares of Common Stock beneficially owned by Cornell and its affiliates to exceed 4.99 percent of the outstanding shares of the common stock following such conversion.

In connection with the August Purchase Agreement, we also agreed to grant to YA Global warrants (the "Warrants") to purchase up to an additional 15,000,000 shares of our common stock. The Warrants have an exercise price of $0.06 per share, and expire three years from the date of issuance. The Warrants also provide for cashless exercise if at the time of exercise there is not an effective registration statement or if an event of default has occurred. As a result of the May 2007 1.2-for1 forward stock split, the effective number of outstanding warrants increased to 18,000,000.

In connection with the issuance of the August Debenture, we also granted YA Global registration rights related to the common stock issuable upon conversion of the August Debenture and the exercise of the Warrants. As of the date of this Report, no registration statement had been filed.

We determined that the conversion features on the August Debenture and the associated warrants fell under derivative accounting treatment. The carrying value will be accreted each quarter over the life of the August Debenture until the carrying value equals the face value of $1,500,000. During the year ended December 31, 2008 YA Global chose to convert $341,160 of the convertible debenture into 139,136,360 shares of common stock. During the nine months ended September 30, 2009, YA Global chose to convert $117,622 of the convertible debenture into 72,710,337 shares of common stock. As of September 30, 2009 the carrying value of the August Debenture was $1,041,218. The fair value of the derivative liability stemming from the August Debenture's conversion feature as of September 30, 2009, was $67,448.

In connection with the issuance of the August Debenture, fees of $135,000, withheld from the proceeds, were capitalized and are being amortized over the life of the August Debenture.

We currently have issued and outstanding options, warrants, convertible notes and other instruments for the acquisition of our common stock in excess of the available authorized but unissued shares of common stock provided for under our Articles of Incorporation, as amended. As a consequence, in the event that the holders of such instruments requiring the issuance, in the aggregate, of a number of shares of common stock that would, when combined with the previously issued and outstanding common stock of the Company exceed the authorized capital of the Company, seek to exercise their rights to acquire shares under those instruments, we will be required to increase the number of authorized shares or effect a reverse split of the outstanding shares in order to provide sufficient shares for issuance under those instruments.

Forbearance Agreement

On August 11, 2009, the Company and YA Global entered into a forbearance agreement and related agreements. The Forbearance Agreement related specifically to the three debentures issued by the Company to YA or its predecessor entities: a May 26, 2005, debenture in the principal amount of $3,750,000 (the "May

Debenture"), a December 30, 2005, debenture in the principal amount of $1,500,000 (the "December Debenture"), and an August 23, 2006, debenture in the principal amount of $1,500,000 (the "August Debenture," and collectively with the May Debenture and the December Debentures, the "Debentures"), together with certain other agreements entered into in connection with the issuance of the Debentures (collectively, the "Financing Documents").

The Forbearance Agreement noted that the Company had requested that YA forbear from enforcing its rights and remedies under the Financing Documents, and sets forth the agreement between the Company and YA with respect to such forbearance.

Specifically, the Company agreed to waive any claims against YA, and released any such claims the Company may have had. The Company also ratified its obligations under the Financing Documents; agreed to the satisfaction of certain conditions precedent, including the entry into a Global Security Agreement (discussed below), a Global Guaranty Agreement (discussed below), and an amendment of a warrant granted to YA in connection with the issuance of the August Debenture; agreed to seek to obtain waivers from the Company's landlords at its properties in Utah, California, and Arkansas; agreed to seek to obtain deposit account control agreements from the Company's banks and depository institutions; and to repay the Company's obligations under the Debentures on the following schedule:

- i. $125,000 on August 11, 2009 (at the time of signing of the Agreement);
- ii. $150,000 on September 1, 2009;
- iii. $150,000 on October 1, 2009;
- iv. $200,000 on November 1, 2009;
- v. $200,000 on December 1, 2009;
- vi. $250,000 on January 1, 2010;
- vii. $250,000 on February 1, 2010;
- viii. $300,000 on March 1, 2010;
- ix. $300,000 on April 1, 2010;
- x. $300,000 on May 1, 2010;
- xi. $300,000 on June 1, 2010;
- xii. $300,000 on July 1, 2010; and
- xiii. the remaining balance of the Obligations to be paid in full on or before the earlier of (i) the occurrence of a Termination Event (as defined in the Forbearance Agreement), or (ii) 3:00 P.M. (New York Time) on July 1, 2010 (hereinafter, the "Termination Date").

Pursuant to the Forbearance Agreement, the parties agreed that the Company, subject to the consent of YA, could choose to pay all or any portion of the payments listed above in common stock, with the conversion price to be used to determine the number of shares of common stock being equal to 85 percent of the lowest closing bid price of the Company's common stock during the ten trading days prior to the payment date.

In exchange for the satisfaction of such conditions and agreements from the Company, YA agreed to forbear from enforcing its rights and remedies as a result of the existing defaults and/or converting the Debentures into shares of the Company's common stock, until the earlier of (i) the occurrence of a Termination Event (as defined in the Forbearance Agreement), or (ii) the Termination Date, which is given as July 1, 2010. Notwithstanding the foregoing, nothing contained in the Forbearance Agreement or the other Forbearance Documents will be deemed to constitute a waiver by YA of any default or event of default, whether now existing or hereafter arising (including, without limitation, the existing defaults listed in the Forbearance Agreement), and/or its right to convert the Debentures into shares of the Company's common stock.

All payments scheduled to have been made as of the date of this filing have been remitted as required.

The Company, YA, and certain of the Company's subsidiaries also entered into a Global Security Agreement (the "GSA") in connection with the Forbearance Agreement. Under the GSA, the Company and the participating subsidiaries pledged and granted to YA, its successors and assigns, a security interest in and to all assets and personal property of each Grantor, as security for the payment or performance in full of the obligations set forth in the Forbearance Agreement.

Additionally, the Company, YA, and certain of the Company's subsidiaries also entered into a Global Guaranty Agreement (the "GGA") in connection with the Forbearance Agreement. Under the GGA, the Company and the participating subsidiaries guaranteed to YA the full payment and prompt performance of all of the obligations set forth in the Forbearance Agreement.

The Forbearance Agreement, the GSA, and the GGA are all described in more detail in, and copies of the agreements are included as exhibits to, a Current Report, filed with the Commission on August 17, 2009.

Critical accounting estimates

Revenue Recognition - Revenue is recognized when products are shipped. Title passes to the customer or independent sales representative at the time of shipment. Returns for defective items are repaired and sent back to the customer. Historically, expenses associated with returns have not been significant and have been recognized as incurred.

Shipping and handling fees are included as part of net sales. The related freight costs and supplies directly associated with shipping products to customers are included as a component of cost of goods sold.

We have also recorded revenue using a "Bill and Hold" method of revenue recognition. ASC 605, imposes several requirements to be met in order to recognize revenue prior to shipment of product.

The criteria are the following:

i. The risks of ownership must have passed to the buyer;

ii. The customer must have made a fixed commitment to purchase the goods, preferably in written documentation;

iii. The buyer, not the seller, must request that the transaction be on a bill and hold basis. The buyer must have a substantial business purpose for ordering the goods on a bill and hold basis;

iv. There must be a fixed schedule for delivery of the goods. The date for delivery must be reasonable and must be consistent with the buyer's business purpose (e.g., storage periods are customary in the industry);

v. The seller must not have retained any specific performance obligations such that the earning process is not complete;

vi. The ordered goods must have been segregated from the seller's inventory and not be subject to being used to fill other orders; and

vii. The equipment (product) must be complete and ready for shipment.

In effect, we secure a contractual agreement from the customer to purchase a specific quantity of goods, and the goods are produced and segregated from our inventory. Shipment of the product is scheduled for release over a specified period of time. The result is that we maintain the customer's inventory, on site, until all releases have been issued.

Agency fees were recognized when they were earned. This occurred only after the talent, represented by us, received payment for the services from the buyer. The buyer remitted funds to a trust checking account after all payroll tax liabilities had been deducted from the gross amount due the talent. The talent was paid the net amount, less our commission (which is approximately 10 percent of the gross amount due the talent), from the trust account. The remainder of funds in the trust account, typically 10 percent, was then distributed us and recognized as revenue.

We signed an Assignment and Exclusive Services Agreement with GMA, a related party, whereby revenues and all associated performance obligations under GMA's web hosting and training contracts were assigned to us. Accordingly, this revenue is recognized in our financial statements when it is collected, along with our revenue of CirTran Online Corporation.

We have entered into a Manufacturing, Marketing and Distribution Agreement with PlayBev, a related party, whereby we are the vendor of record in providing initial development, promotional, marketing, and distribution services marketing and distribution services. Accordingly, all amounts billed to PlayBev in connection with the development and marketing of its new energy drink have been included in revenue.

Impairment of Long-Lived Assets - We review our long-lived assets, including intangibles, for impairment when events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. At each balance sheet date, we evaluate whether events and circumstances have occurred that indicate possible impairment. We use an estimate of future undiscounted net cash flows from the related asset or group of assets over their remaining life in measuring whether the assets are recoverable. As of December 31, 2008, it was determined that the Company's investment in Diverse Talent Group was impaired, and the company recorded a loss on investment in the amount of $1,068,000. Long-lived asset costs are amortized over the estimated useful life of the asset, which is typically 5 to 7 years. Amortization expense for the three and nine months ended September 30, 2009 was $111,114 and $333,341, respectively. Amortization expense was $105,972 and $317,269 for the three and nine months ended September 30, 2008, respectively.

Financial Instruments with Derivative Features - We do not hold or issue derivative instruments for trading purposes. However, we have financial instruments that are considered derivatives, or contain embedded features subject to derivative accounting. Embedded derivatives are valued separate from the host instrument and are recognized as derivative liabilities in our balance sheet. We measure these instruments at their estimated fair value, and recognize changes in their estimated fair value in results of operations during the period of change. We have estimated the fair value of these embedded derivatives using the Black-Scholes model. The fair value of the derivative instruments are measured each quarter.

Registration Payment Arrangements - On January 1, 2007, we adopted ASC 815-40 "Determining Whether an Instrument (or Embedded Feature) is Indexed to an Entity's Own Stock" and ASC 450-10, Accounting for Contingencies. A registration payment arrangement is an arrangement where (a) we have agreed to file a registration statement for certain securities with the SEC and have the registration statement declared effective within a certain time period; and/or (b) we will endeavor to keep a registration statement effective for a specified period of time; and (c) transfer of consideration is required if we fail to meet those requirements. When we issue an instrument coupled with these registration payment requirements, we estimate the amount of consideration likely to be paid under the agreement, and offset such amount against the proceeds of the instrument issued. The estimate is then reevaluated at the end of each reporting period, and any changes recognized as a registration penalty in the results of operations. We have instruments that contain registration payment arrangements. The effect of implementing this guidance has not had a material effect on the financial statements because we consider the probability of payment under the terms of the agreements to be remote.

Accounting for Sale / Leaseback Transactions - We sold our Salt Lake City, Utah, building in a sale/leaseback transaction, and reported the gain on the sale as deferred revenue to be recognized over the term of lease pursuant to ASC 840-10, Accounting for Leases.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Our exposure to market risk is limited to interest rate sensitivity, which is affected by changes in the general level of U.S. interest rates. Our cash equivalents are invested with high quality issuers and limit the amount of credit exposure to any one issuer. Due to the short-term nature of the cash equivalents, we believe that we are not subject to any material interest rate risk as it relates to interest income. All outstanding debt instruments at September 30, 2009, had fixed interest rates and were therefore not subject to interest rate risk.

We did not have any foreign currency hedges or other derivative financial instruments as of September 30, 2009. We do not enter into financial instruments for trading or speculative purposes and do not utilize derivative financial instruments. Our operations are conducted in the United States and as such are not subject to foreign currency exchange rate risk.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer / Chief Financial Officer, as appropriate, to allow timely decisions regarding any required disclosure. In designing and evaluating these disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures.

As of the end of the period covered by this report, our Chief Executive Officer / Chief Financial Officer evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act). Based on this evaluation, the Chief Executive Officer / Chief Financial Officer concluded that the disclosure controls and procedures were effective to provide reasonable assurance as of September 30, 2009.

Changes in Internal Control over Financial Reporting

During the three and nine months ending September 30, 2009, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

CirTran Corporation vs. Advanced Beauty Solutions, LLC, and Jason Dodo, Civil No. 060900332, Third Judicial District Court, Salt Lake County, State of Utah. On January 9, 2006, we brought suit against Advanced Beauty Solutions ("ABS") and Jason Dodo, asserting claims related to exclusive manufacturing agreements with ABS, including breach of contract, breach of the implied covenant of good faith and fair dealing, interference with economic relations, fraud, and unjust enrichment.

On January 24, 2006, ABS filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Central District of California, San Fernando Valley Division (the "ABS Bankruptcy Court"), Case No. SV 06-10076 GM. On January 30, 2006, a hearing ("Hearing") was held to consider the Emergency Motion for Order Approving the Settlement and Compromise of the Disputed Secured Claims of Inventory Capital Group, Inc. ("ICG"), and Media Funding Corporation ("MFC") (the "Settlement Motion") filed by ABS. The continued Hearing on the Settlement Motion was held on February 16, 2006, at which time the settlement was modified. Prior to a separate hearing held on March 24, 2006, on ABS's Motion for Order: (1) Approving Sale and Assignment of Substantially All Assets of the Estate Free and Clear of Liens; (2) Approving Assumption and Assignment of Leases and Executory Contracts Included in the Sale and Rejection of Leases and Executory Contracts Not Included in the Sale; and (3) Granting Related Relief (the "Sale Motion"), the settlement was further modified. The modifications to the proposed settlement were read into the ABS Bankruptcy Court's record at the Hearing on the Settlement Motion and the March 24, 2006 hearing on the Sale Motion ("Proposed Modifications"). Written notice of the Proposed Modifications was provided to creditors and parties in interests on March 27, 2006, and the Declaration of James C. Bastian, Jr., attesting that no objections to the Proposed Modifications have been received by ABS, was filed with the ABS Bankruptcy Court.

On June 6, 2006, the Company and ABS signed an agreement (the "Asset Purchase Agreement"), subject to the ABS Bankruptcy Court's approval. On June 7, 2006, the ABS Bankruptcy Court entered orders approving the Asset Purchase Agreement and granting the Sale Motion, and approving the settlement and compromise of certain disputed claims against ABS.

Pursuant to the settlement of ABS's bankruptcy proceedings and the Asset Purchase Agreement, we have an allowed claim against the ABS's estate in the amount of $2,350,000, of which $750,000 is to be credited to the purchase of substantially all of ABS's assets. Under the settlement, we may participate as a general unsecured creditor of ABS's estate in the amount of $1,600,000 on a pari passu basis with the $2,100,000 general unsecured claim of certain insiders of ABS and subject to the prior payment of certain secured, priority, and non-insider claims in the amount of approximately $1,507,011.

Under the Asset Purchase Agreement, we agreed to purchase substantially all of ABS's assets in exchange for:

i) a cash payment in the amount of $1,125,000;

ii) a reduction of CirTran's allowed claim in the Bankruptcy Case by $750,000;

iii) the assumption of any assumed liabilities; and

iv) the obligation to pay ABS a royalty equal to $3.00 per True Ceramic Pro flat iron unit sold by ABS (the "Royalty Obligation").

The assets include personal property; intellectual property; certain executory contracts and unexpired leases; inventory; ABS's rights under certain insurance policies; deposits and prepaid expenses; books and records; goodwill; certain causes of action; permits; customer and supplier lists; and telephone numbers and listings.

Under the Asset Purchase Agreement, the Royalty Obligation is capped at $4,135,000. To the extent the amounts paid to ABS on account of the Royalty Obligation equal less than $435,000 on the two-year anniversary of the closing of the purchase, then, within 30 days of such anniversary, the Company has agreed to pay ABS an amount equal to $435,000 less the royalty payments made to date. As part of the settlement, the Company also agreed to exchange general releases with, among others, ABS, Jason Dodo (the manager of ABS), ICG, and MFC. The settlement also resolved a related dispute with ICG in which ICG assigned to the Company $65,000 of its secured claim against ABS.

Pursuant to the court-approved settlement, payments under the Royalty Obligation will be made in the following order:

a) The Royalty Obligation payments will be made exclusively to ICG and MFC (collectively, the "Secured Parties") until (i) the Secured Parties have been paid in full on account of their $1,243,208.44 secured claim, or (ii) the Secured Parties have been paid $100,000 in payments under the Royalty Obligation, whichever comes first.

b) The next $70,000 Royalty Obligation payments will be made to a service provider to ABS (in the amount of $50,000) and to an individual with an allowed claim (in the amount of $20,000).

c) Following the payments to the Secured Parties and others as set forth immediately above, the remaining Royalty Obligation payments will be used for distribution to allowed general unsecured claims not including those of the Company and certain insiders with unpaid notes (the "Insider Noteholders").

d) Following payments as set forth in (a), (b), and (c) above, the Royalty Obligation payments will be shared pro rata among the Insider Noteholders (with a total allowed aggregate claim of $2,100,000), and us (with a general unsecured claim in the amount of $1,600,000), until paid in full.

The total claims against ABS's estate that must be recognized before we begin to share in the Royalty Obligation payments is $435,000.

In a subsequent pleading, Mr. Dodo and ABS alleged that we had breached the settlement agreement. That claim has been settled. As of the date of this report, $124,000 remains unpaid to ABS as part of the payment which the Company has agreed to pay ABS equal to $435,000 less the royalty payments made to date. Management subsequently learned that ABS sought and obtained default judgment against the Company in California. Management believes the default judgment was wrongfully entered, and we intend to vigorously defend against the default. The Company has retained California counsel to assist in our efforts to set aside the default judgment. The parties have also undertaken settlement discussions.

A&A Smart Shopping v. CirTran Beverage Corp., California Superior Court, Los Angeles County, KC054487. Plaintiff A&A Smart Shopping ("A&A") filed a complaint against CirTran Beverage Corporation ("CirTran Beverage") and John Does 1-100, claiming breach of contract and intentional interference with economic relations, based on a distribution agreement between A&A and CirTran Beverage. On February 9, 2009, CirTran Beverage filed its answer, claiming that A&A had materially breached the Distribution Agreement, and that CirTran Beverage had terminated the Distribution Agreement. The case is proceeding through discovery, and a trial is set for January 2010. CirTran Beverage intends to defend vigorously against all allegations in this matter.

Apex Maritime Co. (LAX), Inc. v. CirTran Corporation, CirTran Asia, Inc., et al., California Superior Court, Los Angeles County, SC098148. Plaintiff Apex Maritime Co. (LAX), Inc. ("Apex") filed a complaint on May 8, 2008, against the Company and CirTran Asia, the Company's subsidiary, claiming breach of contract, nonpayment on open book account, non-payment of an account stated, and non-payment for services, seeking approximately $62,000 against the Company and $121,000 against CirTran Asia. The Company and CirTran Asia answered on June 9, 2008. The parties subsequently entered into a Release and Settlement Agreement pursuant to which the Company and CirTran Asia agreed to pay an aggregate of $195,000 in monthly payments. In the event of default under the Release and Settlement Agreement, the Plaintiffs could file a Stipulation for Entry of Judgment in the amount of $195,000, minus any amounts paid under the Release and Settlement Agreement. On February 26, 2009, the Stipulation of Judgment was filed, granting the California court jurisdiction to enforce the Release and Settlement Agreement. On March 3, 2009, the court entered its judgment pursuant to the Release and Settlement Agreement. On April 23, 2009, a Judgment Enforcing Settlement was entered against CirTran Corporation and CirTran Asia, Inc., jointly and severally in the principal amount of $173,000, plus fees of $1,800 and costs of $40. Supplemental proceedings are scheduled for December 11, 2009, in West Jordan Utah, Third Judicial District Court.

Jimmy Esebag v. CirTran Beverage Corp., Fadi Nora, et al., California Superior

Court, Los Angeles County, BC396162. On August 12, 2008, the plaintiff filed a complaint against CirTran Beverage and Mr. Nora bringing claims of breach of contract, fraud, and defamation (solely against Mr. Nora) alleging non-payment of a fee of $1,000,000. The defendants filed their answer on October 2, 2008. The parties settled this matter in September 2009.

Fortune Resources LLC v. CirTran Beverage Corp., Civil No. 090401259, Third Judicial District Court, Salt Lake County, State of Utah. On February 5, 2009, the plaintiff filed a complaint against CirTran Beverage, claiming non-payment for goods in the amount of $121,135. CirTran Beverage filed its answer on March 10, 2009, denying the allegations in the Complaint. The parties settled this matter in September 2009.

Global Freight Forwarders v. CirTran Asia, Civil No. 080925731, Third Judicial District Court, Salt Lake County, State of Utah. On December 18, 2008, the plaintiff filed a complaint against CirTran Asia, claiming breach of contract, breach of the duty of good faith and fair dealing, and unjust enrichment, seeking approximately $260,000. The Complaint was served on CirTran Asia on January 5, 2009. On February 12, 2009, CirTran Asia filed its answer. Thereafter, CirTran Asia filed an amended answer and counterclaim. The case is presently in the discovery phase. CirTran Asia intends to defend against the plaintiff's claims, and pursue its counterclaim.

CL&D Graphics v. CirTran Beverage Corp., Case No. 09V01154, Circuit Ct, Waukesha County, Wisconsin. On or about March 23, 2009, CL&D filed an action in the above court, alleging claims for breach of contract, unjust enrichment, promissory estoppel, and seeking damages of at least $25,488.66 along with attorneys' fees and costs. CirTran Beverage Corp is reviewing the matter and intends to defend vigorously against the allegations in the complaint.

37

Jamie Jackson v. CirTran Corporation, Civ No. 090909208, Third Judicial District Court, State of Utah. The complaint alleges claims sounding in contract and seeking damages. On July 10, 2009, the Third District Court Clerk signed a Default Certificate. The plaintiff seeks default judgment in the total amount of $14,941.80. The parties settled this matter and plaintiff voluntarily dismissed the action in October 2009.

Anixter Inc., /Wire & Cable v. CirTran Corporation, Civ No. 090409843, Third Judicial District Court, State of Utah. The complaint alleges claims sounding in contract for goods and or services supplied and seeking damages of approximately $32,000.00. The parties have settled the case for $16,000.00, and the action was dismissed in August 2009.

American Express Travel Related Services, Inc., v. CirTran Corporation, Civ. No. 090417742, Third Judicial District Court, State of Utah. The complaint alleges contract claims under which the plaintiff seeks to recover $105,978.31 plus attorneys fees and costs. The Company is evaluating the plaintiff's claims. The parties have also undertaken settlement discussions.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the periods covered by this report, we issued shares of our common stock without registering those securities under the Securities Act of 1933, as amended ("Securities Act") as follows:

- o 65,088,757 shares for payment of $110,000 of principal on the debenture to YA Global (see Note 8). Associated with the debenture conversion payment was a related decrease in the derivative liability of $62,741.

- 7,621,580 of common shares to YA Global for payment of $7,622 of principal on the August Debenture.

The shares of common stock were issued without registration under the 1933 Act in reliance on Section 4(2) of the 1933 Act and the rules and regulations promulgated there under.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

Item 5. Other Information

None

Item 6. Exhibits

Exhibit No.	Document
3.1	Articles of Incorporation (previously filed as Exhibit No. 2 to our Current Report on Form 8-K, filed with the Commission on July 17, 2000, and incorporated herein by reference).
3.2	Bylaws (previously filed as Exhibit No. 3 to our Current Report on Form 8-K, filed with the Commission on July 17, 2000, and incorporated herein by reference).
10.1	Securities Purchase Agreement between CirTran Corporation and Highgate House Funds, Ltd., dated as of May 26, 2005 (previously filed as an exhibit to the Company's Current Report on Form 8-K, filed with the Commission on June 3, 2005, and incorporated herein by reference).
10.2	Form of 5 percent Convertible Debenture, due December 31, 2007, issued by CirTran Corporation (previously filed as an exhibit to the Company's Current Report on Form 8-K, filed with the Commission on June 3, 2005, and incorporated herein by reference).
10.3	Investor Registration Rights Agreement between CirTran Corporation and Highgate House Funds, Ltd., dated as of May 26, 2005 (previously filed as an exhibit to the Company's Current Report on Form 8-K, filed with the Commission on June 3, 2005, and incorporated herein by reference).
10.4	Security Agreement between CirTran Corporation and Highgate House Funds, Ltd., dated as of May 26, 2005 (previously filed as an exhibit to the Company's Current Report on Form 8-K, filed with the Commission on June 3, 2005, and incorporated herein by reference).

10.5	Escrow Agreement between CirTran Corporation, Highgate House Funds, Ltd., and David Gonzalez dated as of May 26, 2005 (previously filed as an exhibit to the Company's Current Report on Form 8-K, filed with the Commission on June 3, 2005, and incorporated herein by reference).
10.6	Settlement Agreement and Mutual Release between CirTran Corporation and Howard Salamon d/b/a/ Salamon Brothers, dated as of February 10, 2006
10.7	Settlement Agreement by and among Sunborne XII, LLC, CirTran Corporation, and others named therein, dated as of January 26, 2006
10.8	Employment Agreement with Richard Ferrone (previously filed as an exhibit to a Current Report on Form 8-K filed with the Commission on May 15, 2006, and incorporated here in by reference).
10.9	Marketing and Distribution Agree between CirTran Corporation and Harrington Business Development, Inc., dated as of October 24, 2005 (previously filed as an exhibit to the Company's Quarterly Report on Form 10-QSB filed with the Commission on May 19, 2006, and incorporated here in by reference).
10.10	Amendment to Marketing and Distribution Agree between CirTran Corporation and Harrington Business Development, Inc., dated as of March 31, 2006 (previously filed as an exhibit to the Company's Quarterly Report on Form 10-QSB filed with the Commission on May 19, 2006, and incorporated here in by reference).
10.11	Amendment No. 1 to Investor Registration Rights Agreement, between CirTran Corporation and Highgate House Funds, Ltd., dated as of June 15, 2006.
10.12	Amendment No. 1 to Investor Registration Rights Agreement, between CirTran Corporation and Cornell Capital Partners, LP, dated as of June 15, 2006.
10.13	Assignment and Exclusive Services Agreement, dated as of April 1, 2006, by and among Diverse Talent Group, Inc., Christopher Nassif, and Diverse Media Group Corp. (a wholly owned subsidiary of Cirtran Corporation).
10.14	Employment Agreement between Christopher Nassif and Diverse Media Group Corp., dated as of April 1, 2006 (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on June 2, 2006, and incorporated here in by reference).
10.15	Loan Agreement dated as of May 24, 2006, by and among Diverse Talent Group, Inc., Christopher Nassif, and Diverse Media Group Corp (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on June 2, 2006, and incorporated here in by reference).

10.16	Promissory Note, dated May 24, 2006 (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on June 2, 2006, and incorporated here in by reference).
10.17	Security Agreement, dated as of May 24, 2006, by and between Diverse Talent Group, Inc., and Diverse Media Group Corp. (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on June 2, 2006, and incorporated here in by reference).
10.18	Fraudulent Transaction Guarantee, dated as of May 24, 2006 (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on June 2, 2006, and incorporated here in by reference).
10.19	Securities Purchase Agreement between CirTran Corporation and ANAHOP, Inc., dated as of May 24, 2006 (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on May 30, 2006, and incorporated here in by reference).
10.20	Warrant for 10,000,000 shares of CirTran Common Stock, exercisable at $0.15, issued to Albert Hagar (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on May 30, 2006, and incorporated here in by reference).
10.21	Warrant for 5,000,000 shares of CirTran Common Stock, exercisable at $0.15, issued to Fadi Nora (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on May 30, 2006, and incorporated here in by reference).
10.22	Warrant for 5,000,000 shares of CirTran Common Stock, exercisable at $0.25, issued to Fadi Nora (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on May 30, 2006, and incorporated here in by reference).
10.23	Warrant for 10,000,000 shares of CirTran Common Stock, exercisable at $0.50, issued to Albert Hagar (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on May 30, 2006, and incorporated here in by reference).
10.24	Asset Purchase Agreement, dated as of June 6, 2006, by and between Advanced Beauty Solutions, LLC, and CirTran Corporation (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on June 13, 2006, and incorporated here in by reference).
10.25	Securities Purchase Agreement between CirTran Corporation and ANAHOP, Inc., dated as of June 30, 2006 (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on July 6, 2006, and incorporated here in by reference).
10.26	Warrant for 20,000,000 shares of CirTran Common Stock, exercisable at $0.15, issued to Albert Hagar (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on July 6, 2006, and incorporated

here in by reference).

10.27	Warrant for 10,000,000 shares of CirTran Common Stock, exercisable at $0.15, issued to Fadi Nora (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on July 6, 2006, and incorporated here in by reference).
10.28	Warrant for 10,000,000 shares of CirTran Common Stock, exercisable at $0.25, issued to Fadi Nora (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on July 6, 2006, and incorporated here in by reference).
10.29	Warrant for 23,000,000 shares of CirTran Common Stock, exercisable at $0.50, issued to Albert Hagar (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on July 6, 2006, and incorporated here in by reference).
10.30	Marketing and Distribution Agreement, dated as of April 24, 2006, by and between Media Syndication Global, LLC, and CirTran Corporation (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on July 10, 2006, and incorporated here in by reference).

10.31	Lockdown Agreement by and between CirTran Corporation and Cornell Capital Partners, LP, dated as of July 20, 2006 (previously filed as an exhibit to the Company's Registration Statement on Form SB-2/A (File No. 333-128549) filed with the Commission on July 27, 2006, and incorporated herein by reference).
10.32	Lockdown Agreement by and among CirTran Corporation and ANAHOP, Inc., Albert Hagar, and Fadi Nora, dated as of July 20, 2006 (previously filed as an exhibit to the Company's Registration Statement on Form SB-2/A (File No. 333-128549) filed with the Commission on July 27, 2006, and incorporated herein by reference).
10.33	Talent Agreement between CirTran Corporation and Holyfield Management, Inc., dated as of March 8, 2006 (previously filed as an exhibit to the Company's Registration Statement on Form SB-2/A (File No. 333-128549) filed with the Commission on July 27, 2006, and incorporated herein by reference).
10.34	Amendment No. 2 to Investor Registration Rights Agreement, between CirTran Corporation and Highgate House Funds, Ltd., dated as of August 10, 2006 (filed as an exhibit to Registration Statement on Form SB-2 (File No. 333-128549) and incorporated herein by reference).
10.35	Amendment No. 2 to Investor Registration Rights Agreement, between CirTran Corporation and Cornell Capital Partners, LP, dated as of August 10, 2006 (filed as an exhibit to Registration Statement on Form SB-2 (File No. 333-128549) and incorporated herein by reference).

10.36	Amended Lock Down Agreement by and among the Company and ANAHOP, Inc., Albert Hagar, and Fadi Nora, dated as of November 15, 2006 (filed as an exhibit to the Company's Quarterly Report for the quarter ended September 30, 2006, filed with the Commission on November 20, 2006, and incorporated herein by reference).
10.37	Amended Lock Down Agreement by and between the Company and Cornell Capital Partners, L.P., dated as of October 30, 2006 (filed as an exhibit to the Company's Quarterly Report for the quarter ended September 30, 2006, filed with the Commission on November 20, 2006, and incorporated herein by reference).
10.38	Amendment to Debenture and Registration Rights Agreement between the Company and Cornell Capital Partners, L.P., dated as of October 30, 2006 (filed as an exhibit to the Company's Quarterly Report for the quarter ended September 30, 2006, filed with the Commission on November 20, 2006, and incorporated herein by reference).
10.39	Amendment Number 2 to Amended and Restated Investor Registration Rights Agreement, between CirTran Corporation and Cornell Capital Partners, LP, dated January 12, 2007 (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on January 19, 2007, and incorporated here in by reference).
10.40	Amendment Number 4 to Investor Registration Rights Agreement, between CirTran Corporation and Cornell Capital Partners, LP, dated January 12, 2007(previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on January 19, 2007, and incorporated here in by reference).
10.41	Licensing and Marketing Agreement with Arrowhead Industries, Inc. dated February 13, 2007 (previously filed as an exhibit to the Company's Annual Report for the year ended December 31, 2006, filed with the Commission on April 17, 2007, and incorporated herein by reference).
10.42	Amendment to Employment Agreement for Iehab Hawatmeh, dated January 1, 2007 (previously filed as an exhibit to the Company's Annual Report for the year ended December 31, 2006, filed with the Commission on April 17, 2007, and incorporated herein by reference)

10.43	Amendment to Employment Agreement for Shaher Hawatmeh, dated January 1, 2007 (previously filed as an exhibit to the Company's Annual Report for the year ended December 31, 2006, filed with the Commission on April 17, 2007, and incorporated herein by reference)
10.44	Amendment to Employment Agreement for Trevor Siliba, dated January 1, 2007 (previously filed as an exhibit to the Company's Annual Report for the year ended December 31, 2006, filed with the Commission on April 17, 2007, and incorporated herein by reference)

10.45	Amendment to Employment Agreement for Richard Ferrone dated February 7, 2007 (previously filed as an exhibit to the Company's Annual Report for the year ended December 31, 2006, filed with the Commission on April 17, 2007, and incorporated herein by reference).
10.46	Assignment and Exclusive Services Agreement with Global Marketing Alliance, LLC, dated April 16, 2007 (previously filed as an exhibit to the Company's' Current Report on Form 8-K filed with the Commission on April 20, 2007, and incorporated herein by reference).
10.47	Employment Agreement for Mr. Sovatphone Ouk dated April 16, 2007 (previously filed as an exhibit to the Company's' Current Report on Form 8-K filed with the Commission on April 20, 2007, and incorporated herein by reference).
10.48	Triple Net Lease between CirTran Corporation and Don L. Buehner, dated as of May 4, 2007 (previously filed as an exhibit to the Company's' Current Report on Form 8-K filed with the Commission on May 10, 2007, and incorporated herein by reference).
10.49	Commercial Real Estate Purchase Contract between Don L. Buehner and PFE Properties, L.L.C., dated as of May 4, 2007 (previously filed as an exhibit to the Company's' Current Report on Form 8-K filed with the Commission on May 10, 2007, and incorporated herein by reference).
10.50	Exclusive Manufacturing, Marketing, and Distribution Agreement, dated as of May 25, 2007 (previously filed as an exhibit to the Company's' Current Report on Form 8-K filed with the Commission on June 1, 2007, and incorporated herein by reference).
10.51	Exclusive Manufacturing, Marketing, and Distribution Agreement, with Full Moon Enterprises, Inc. dated as of June 8, 2007, pertaining to the Ball Blaster(TM) (previously filed as an exhibit to the Company's' Quarterly Report on Form 10-QSB filed with the Commission on August 20, 2007, and incorporated herein by reference).
10.52	Amended and Restated Exclusive Manufacturing, Marketing, and Distribution Agreement, dated as of August 21, 2007 (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on September 24, 2007, and incorporated herein by reference).
10.53	Exclusive Sales Distribution/Representative Agreement, dated as of August 23, 2007 (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on September 24, 2007, and incorporated herein by reference).
10.54	Settlement Agreement between CirTran Corporation and Trevor M. Saliba, dated as of August 15, 2007 (previously filed as an exhibit to the Company's Current Report on Form 8-K filed with the Commission on September 24, 2007, and incorporated herein by reference).
10.55	Exclusive Manufacturing, Marketing and Distribution Agreement between CirTran Corporation and Shaka Shoes, Inc., a Hawaii

corporation (previously filed as an exhibit to the Company's Current Report on Form 8-K, filed with the Commission on February 11, 2008, and incorporated herein by reference).

10.56	Amendment Number 3 to Amended and Restated Investor Registration Rights Agreement, between CirTran Corporation and YA Global Investments, L.P. (previously filed as an exhibit to the Company's Current Report on Form 8-K, filed with the Commission on February 12, 2008, and incorporated herein by reference).
10.57	Amendment Number 6 to Investor Registration Rights Agreement, between CirTran Corporation and YA Global Investments, L.P. (previously filed as an exhibit to the Company's Current Report on Form 8-K, filed with the Commission on February 12, 2008, and incorporated herein by reference).

10.58	Agreement between and among CirTran Corporation, YA Global Investments, L.P., and Highgate House Funds, LTD (previously filed as an exhibit to the Company's Current Report on Form 8-K, filed with the Commission on February 12, 2008, and incorporated herein by reference).
10.59	Promissory Note (previously filed as an exhibit to the Current Report on Form 8-K, filed with the Commission on March 5, 2008, and incorporated herein by reference).
10.60	Form of Warrant (previously filed as an exhibit to the Current Report on Form 8-K, filed with the Commission on March 5, 2008, and incorporated herein by reference).
10.61	Subscription Agreement between the Company and Haya Enterprises, LLC (previously filed as an exhibit to the Current Report on Form 8-K, filed with the Commission on March 5, 2008, and incorporated herein by reference).
10.62	Promissory Note (previously filed as an exhibit to the Current Report on Form 8-K, filed with the Commission on April 7, 2008, and incorporated herein by reference).
10.63	Subscription Agreement (previously filed as an exhibit to the Current Report on Form 8-K, filed with the Commission on April 7, 2008, and incorporated herein by reference).
10.64	Promissory Note (previously filed as an exhibit to the Current Report on Form 8-K, filed with the Commission on May 1, 2008, and incorporated herein by reference).
10.65	Agreement between and among CirTran Corporation, YA Global Investments, L.P., and Highgate House Funds, LTD (previously filed as an exhibit to the Current Report on Form 8-K, filed with the Commission on October 15, 2008, and incorporated herein by reference).
10.66	International Distribution Agreement between CirTran Corporation and Factor Tequila SA de CV (previously filed as an exhibit to the Current Report on Form 8-K, filed with the

	Commission on November 3, 2008, and incorporated herein by reference) (Portions of the Agreement have been redacted pursuant to a request for confidential treatment filed with the U.S. Securities and Exchange Commission.)
10.67	Forbearance Agreement between CirTran Corporation and YA Global Investments (previously filed as an exhibit to a Current Report on Form 8-K, filed with the Commission on August 17, 2009, and incorporated herein by reference).
10.68	International Distribution Agreement between CirTran Beverage Corp. and Tobacco Holding Group Sh.p.k. (previously filed as an exhibit to the Annual Report on Form 10-K/A, filed with the Commission on November 16, 2009, and incorporated herein by reference)(Portions of the Agreement have been redacted pursuant to a request for confidential treatment filed with the U.S. Securities and Exchange Commission.)
10.69	Stock Purchase Agreement between CirTran Corporation and Iehab Hawatmeh (previously filed as an exhibit to the Quarterly Report filed August 19, 2009, and incorporated herein by reference).
10.70	Stock Purchase Agreement between CirTran Corporation and Fadi Nora Hawatmeh (previously filed as an exhibit to the Quarterly Report filed August 19, 2009, and incorporated herein by reference).

31	Certification of President / Chief Financial Officer
32	Certification pursuant to 18 U.S.C. Section 1350 - President / Chief Financial Officer

SIGNATURES

In accordance with Section 13 or 15 (d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the understood thereunto duly authorized.

CIRTRAN CORPORATION

/s/ Iehab Hawatmeh

Dated: November 20, 2009

By: Iehab Hawatmeh
President, Chief Financial Officer
(Principal Executive Officer,
Principal Financial Officer)

In accordance with the Exchange Act, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Iehab Hawatmeh

Dated: November 20, 2009

By: Iehab Hawatmeh

President, Chief Financial Officer,
Principal Executive Officer,
Principal Financial Officer and
Director
